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V. 5 Nos 1, 3, 4

V. 6 #2 THE WAR IS PERMANENT

FASCISM and IMPERIALISM

THE FASCIST WORLD REVOLUTION

THE END OF BOURGEOIS
ECONOMICS

THE WORLD WAR—THE PRESENT
WAR—THE TASK OF ANTIFASCISM

MARXIST PHILOSOPHY AND
SCIENCE

BOOK REVIEWS

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This magazine consciously opposes all forms of sectarianism. The sectarian confuses the interest of his group, whether it is a party or a union, with the interest of the class. It is our purpose to discover the actual proletarian tendencies in their backward organizational and theoretical forms; to effect a discussion of them beyond the boundaries of their organizations and the current dogmatics; to facilitate their fusion into unified action; and thus to help them achieve real significance.

THE WAR IS PERMANENT

The long expected second world war is now in progress. Guesses about its outcome spring from all directions. However, ignorance and wishful thinking becloud most of the popular speculations. To discover, then, the real meaning of this war, to form an attitude toward it, and to discuss possible actions against it, it is necessary first of all to brush aside the current misconceptions about it.

In Britain, from the Conservatives leftward to the Labour Party and the trade unions, it is claimed that there is no motive for the war other than to end "Hitlerism", international "lawlessness", and all aggression. The French bourgeoisie as well as its labor movement (with the exception of Russia's foreign legion in France—the outlawed Communist Party) blow the same bugle, and so do all other people lined up on the side of the Allies. Germany's attack upon Poland is taken as the immediate cause for the declaration of war. Coming after the Austrian *Anschluss* and the occupation of Czechoslovakia, it demonstrates, so they say, that Hitler cannot be trusted, that there will never be peace again until this madman is removed. This view is shared by those interested in retarding the German imperialistic drive for the purpose of accelerating the imperialism of the other powers.

The anti-Nazi powers defend "democracy", "peace" and "civilization", as well as themselves and a number of weaker nations against Hitler's barbarism, but the Nazis too, find themselves in a "defensive war" against Britain's attempt to limit the living opportunities of the "German people". Only a strong Germany, they point out, may escape foreign exploitation and may regain its rightful place in the sun. The *Anschluss* was unavoidable, they declare;

Czechoslovakia had to be disarmed to safeguard Germany, the system of Versailles had to be destroyed, so that the German people may continue to live. They turn back the moral arguments, pointing out that England is notorious for breaking promises and agreements, that Poland did not live up to treaties made with Germany but actually, backed by England, attacked Germany. They declare Hitler's policy not only beneficial for Germany but also a guarantee for further world peace, a peace which is not desired by English interests.

The German "war-socialism" developed long before the actual outbreak of hostilities provided the Nazi propaganda with an additional argument, namely, that it is the "socialistic" nature of the German national-economy which is feared and fought by the "capitalistic, plutocratic, Jewish, democratic nations". Nazi propagandists point out sarcastically that the slogan "defense of democracy" is an ordinary swindle, since the democracy which is only nominal in the capitalistic countries is far less popular than German fascism, which really rules in the interest of the nation as a whole. This propaganda is engaged in by all people interested in Germany's imperialistic expansion and in the prolongation of fascist rule.

It is true that in both the fascist point and the anti-fascist counterpoint there are some grains of truth; otherwise it would not be possible that people would accept such explanations. However, the partial truth contained in the war propaganda loses even its minimum of veracity once they are connected with all of the arguments, not to speak of their comparison with the real facts.

The "neutral" countries adhere to one or the other position mentioned, always ready, however, to change sides. They speak of peace as long as they are neither willing nor forced to enter the war, though in the meantime they take part in its economic battles. The course of the war on both fronts, military and economic, will make the decisions for those countries. Because at this writing the war is still in its initial phases, despite Poland and Finland, because the economic war has not as yet brought to full growth the military one, the curious performances of countries like Italy, Spain, Turkey, and Japan are still possible. Russia, though participating in the imperialist aggression, even now considers itself and is considered a "neutral" power. All countries seem to wait for more clues, offers, accidents, and moves before they make a step further in the direction of a world war worthy its ancestor.

The neutrality of these countries is as much a swindle as the German "defense" or the "anti-Hitlerism" of the Allies. No country stands aloof from the present war. In more than one way are Japan's occupation of Manchuria, Italy's conquest of Ethiopia and the Spanish civil war, to mention only a few incidents, closely connected with the present war. And so is the neutrality policy, as any other policy of the United States. Though it seems that the majority of the population in America shares the current nonsense concerning the cause of the war, directing its sympathies to the side of the "peace-loving", "democratic countries"; nevertheless their participation in the war will not be determined by this feeling, but by realities over which they have little control and which are not even known to them.

WAR AND CAPITALISM

Knowledge of the cause of the war is indispensable to any investigation. There were wars before there was capitalism. Only the capitalistic war is caused by the present socio-economic system. Some people hold that in capitalism wars are inevitable; others assume the possibility of a capitalist society outlawing wars forever. The latter looked upon the war of 1914 as the "last war", as the war to end all wars. Again they proclaim this war the unavoidable way to eternal peace. Now, as then, they nurture a "grand illusion".

We think that though each war has its specific historical reason, that all wars within the capitalist system have also a general reason which can be found in the class- and production relations of capitalism. As boom and depression are interrelated, war and peace interdepend upon each other. To favor capitalistic prosperity means to suffer capitalistic depressions, to favor capitalistic peace means to be a war monger. The warrior and the pacifist cannot help but act alike, because both react to the same forces, beyond their control.

To explain the interconnection between war and peace: The German wars from 1864 to 1871, for instance, were designed to break down a national and international political framework hindering unfolding of Germany as a first-rate industrial and capitalist power able to compete with other capitalist nations. The wars helped to bring about a situation where the newly released productive forces demanded more than a merely European power position. Germany proceeded on the road to world power in direct competition with France and England. It set out for a greater part in the exploitation of world labor. The peaceful post-war prosperity, based on a rapid capital accumulation, to a large extent had its basis in the new

setting created by the wars, just as the earlier difficulties in starting this expansion were one important reason for their outbreak.

As a capitalist economy cannot remain a "national" economy, of necessity it must lead to conflicts among nations whenever the complications of economy, which increase with the growth of capital, demand solutions and changes carried out internationally by the national unities. The national form of capitalism is one of its limitations, which, however, cannot be overcome unless the capitalist system itself disappears.

National wars and national revolutions effect a capitalist world production just as much as do capital export, colonization, international division of labor, and foreign trade. As a matter of fact, wars and revolutions take place when the "peaceful" means of strengthening and spreading capitalism become insufficient or lose their force altogether. Though wars themselves do not create profits but destroy capital, still the development of capital is unthinkable without them.

For a long time until recently all depressions could be regarded as a "healing process" of a sick economic body, actually leading to a new prosperity enjoying a new level of productivity which the depression itself established. Similarly, each war could be regarded as an attempt to re-organize for peace. The question today is only that inasmuch as the depression no longer seems to re-establish a basis for prosperity, whether in the same way war no longer can establish a basis for another period of capitalist peace. [1]

ECONOMIC COTRADICTIONS

It is one of the unresolvable contradictions and calamities of capitalist profit production that the more it strives to increase its profits, the more difficult it becomes to produce them. Only a steady increase in capital formation permits capitalist prosperity. A continuous depression and stagnation allows no perspective other than the eventual destruction of capitalist society. If it becomes impossible in a given country to raise the profitability of capital sufficient for the continuation of capital expansion, there then arises the burning need to begin or increase the appropriation of additional profits from abroad. This means an attack on the profit opportunities of other nations, and when the situation becomes critical, war.

[1] Though it is true that the miseries of depression are always present in any period of prosperity, and that a time of complete peace was never a reality, nevertheless these situations can still be distinguished, since the degree of misery existing, or the extension of warfare in the whole scheme of things can be relatively determined.

This dry explanation of the economic basis of capitalism [2] and imperialism (and the basis for both is the same) does not, of course, tell the whole story, but without it a real understanding of capitalism's inability to escape internal frictions and international wars would be impossible. The insatiable need for ever more and more profits, the fact that capitalism is nothing but profit production, makes it necessary to explain the driving forces behind imperialist actions in terms of economic categories. More than that, whatever the phenomenon that may be brought forward to explain imperialism, as, for instance, the ideological arguments, the desire for security, for land and for raw materials, the monopolization of markets, capital export, strategic-military requirements, or anything else, can be reduced finally to its simplest terms: capitalism's vital necessity to accumulate profits.

There should no longer be any doubt that all of capitalism's difficulties spring from a lack of profits. On this point all capitalists and all bourgeois economists are agreed regardless of the different explanations they might bring forth to explain this shortage, or whatever the methods they might suggest to do away with it. They have employed various means and methods to increase capital's profitability in order to continue expansion. They have raised the productivity of labor and intensified its exploitation; they have formed manufacturer's combine, cartels, syndicates, etc. They have set up marketing and price controls, created trust and monopolies, and all without avail. As soon as one industry seemed to be stabilized, another was disrupted. In the very attempt to safeguard and increase the capital of one or the other capitalist group, the basis of existence for the whole of capitalist society became only more precarious. Thus capitalism, seeking to surmount its barriers, succeeded only in creating higher and more impassable ones.

COLONIZATION AND IMPERIALISM

The need for imperialistic actions is nothing else than the need for profits. As this need explains the internal development of the capitalist countries it also explains their foreign policy. Capital is

[2] We do not wish to give at this point a fuller explanation of the consequences of the capitalist accumulation process since we have dealt with them quite frequently in previous issues of Living Marxism. We accepted Marx's theory of accumulation and his interpretation of the meaning of the tendency of a falling rate of profit in the course of the accumulation process. (The rate of profit declines because the organic composition of capital grows; that is, that part of capital invested into means of production grows faster than that invested into labor power. As profits are derived from the exploitation of labor power only, the decline of the latter relative to the capital invested into means of production must make it difficult, in the course of time, to gain sufficient profits for the continuation of a rate of capital expansion necessary for a capitalistic prosperity.)

transferred from one field of production to another, alike internally and internationally. It is sent into non-capitalistic countries, or countries which offer more favorable conditions of production just as it spreads over all branches of manufacture and conquers primitive agriculture in the advanced countries.

The colonizing imperialists began by exporting capital for the development of plantations, irrigation systems, mines, mills and factories. In return for building highways, railroads and ports for the imperialists, the colonies found themselves swamped with goods from the mother countries. The exploitation of the colonies was a two-fold one: the labor power was exploited directly in the capitalist enterprises, and indirectly through the exchange of colonial products with those manufactured in the mother countries. The difference in the productivity of labor, due to the high organic composition of capital in the imperialist nations, and the lower organic composition of capital in the colonies, allows the advanced countries to exchange less labor for more, and to exploit even the poorest populations of the world. Besides these measures, taxation and forced labor increased the profits gained by colonization even further.

Just the same, the desire and need for colonial exploitation is often denied by the statement that colonies have proven to be liabilities rather than assets to imperialist countries; but no capitalist country has as yet been ready to part with them unless forced to do so by other nations willing to take over the "white man's burden". The Allies did not hesitate a second about taking Germany's colonies after 1918; for, in reality, the possession of them and the control of backward countries is profitable to the imperialists not only because of the exploitation of the natives, but also because of the establishment of monopolies over vital raw materials, and because military-strategic advantages can be gained which, in turn, may be transformed into additional profits.

Though it may be true that colonies are expensive to the tax-payers of an imperialist country, nevertheless they have yielded tremendous profits to those capitalist groups directly engaged in colonial exploitation. Not with injustice is it said about England, for example, that its rapid rise as an industrial and capitalist power would not have taken place except for the fortunes taken from India. Money in sufficient quantity is transformed into capital: without the tremendous money accumulation largely aided by colonial plunder capitalism's development would have been much slower.

IMPERIALISM AND FASCISM

The sharpening need for additional profits intensifies all imperialistic rivalries. But the changes taking place in each capitalist country become reflected in its imperialistic attitude. The international growth of capital becomes opposed to its early imperialism. New capitalist nations, late in entering the arena of world politics, have found and are finding themselves hampered by conditions created at the time when they still belonged with the backward countries. Old capitalist countries, especially England, had subjugated a great part of the world and exploited it in their exclusive interests. To ward off exploitation by the stronger countries, those that were backward had to develop "artificial" means to increase their competitive strength.^[3] They became more "political", more "militaristic", more "restless", and less "democratic" from the very outset of their development.

The more openly expressed "militaristic spirit" and the "undemocratic nature" of countries like Germany, Japan, Italy, and Russia, is connected not only with their feudalistic traditions, but even more with their precarious positions as new capitalistic countries within the world economy. They simply cannot afford the "democratic" spirit of France which rules over a vast colonial empire and possesses even the means to maintain a largely satisfied peasant population. They cannot afford the effective solidarity of all classes which exists in England and which is based on an instinctive recognition that English privilege demands such unity. Limited in their appropriation of profits from world-exploitation they are forced to squeeze their own population more intensively to accumulate profits. "English history shows that political democracy can function only where the tempo of social transformation is slow and steady", observed Adolf Loewe ^[4]; it cannot function with the same results and in identical forms in the newer and belated capitalist countries, which have to hasten their capitalization process. But this quickened accumulation, based on the intensive exploitation of the native workers, gives rise to social legislation to compensate for oppression, and to prevent the killing of the goose which lays the golden egg. This "social" element in the newer capitalist countries, hailed as its humanization process, was and is in truth an expression of its insecurity and its bestialization. While the dearth of capital is thus compensated by better organization,

[3] See the following article on the development of Bourgeois Economics in this issue.

[4] *The Price of Liberty*. London 1937, p. 38.

which helps to develop capitalism, at the same time it undermines even faster its fundament; the blind-working laws of the market.

The process of capital accumulation is at the same time the concentration and centralization process of economic and political power. It takes place during the whole evolution of capitalism and proceeds faster during periods of stagnation and decline. At present it is accentuated by new political movements appearing under such terms as Bolshevism and Fascism.

It was often assumed that the richer a country, the stronger should be its centralization and concentration. But rather that which determines the degree of centralization in a country is the rapidity of accumulation necessitated by its competitive position on the world market. Expressed only in terms of capital concentration it was true until the world war that the more highly developed capitalist countries were those in which the largest fortunes were concentrated. Yet, the "richer" a country was in an economic sense, the less urgent was its need to rule politically. The government was left to middle class politicians, for they could not help but govern in the interest of the big capitalists, and, at any rate, could not govern against them. In America, for instance, the powerful capitalists could ignore the government to a point where it at times seemed to be in strict opposition to the needs of Big Business, without, however, being able to exercise more than verbal opposition.

In poorer capitalist countries, like Japan, the concentration of wealth was from the beginning identical with the concentration of political power. What was required here was not the slow "normal" development of capitalism by way of general competition, but a forced capitalization necessitating from the start the most extensive state interferences to overcome the disadvantages of Japan's tardy entrance on the world market. In other words, the high capital concentration of wealth reached in the older capitalist countries, account for the accentuated concentration of wealth and power in the more backward countries. The Russian slogan, "To reach and over-reach" Western capitalism, is not an empty one, but dictated by dire necessity, the necessity to avoid exploitation by foreign capital and thus be hindered in her national development, which would mean the continuation of the misery caused by a combination of generally backward productive forces with the exploitation from abroad. To change this primitive misery into the advanced miseries of capitalism compels the use of national-revolutionary methods directed against those interests bound to the backward conditions of the

country, and the interests of foreign capital. The capitalization of such countries, then, when not accomplished by the still undeveloped bourgeoisie, must be accomplished against the bourgeoisie. The economic weakness of the backward countries thus explains the radical centralization of all possible power in the hands of the state.

This forced centralization, furthermore, reveals the real international character of capitalism, which forces its weakest links to leap violently over and beyond the gaps in development between themselves and stronger nations. From this point of view the state-capitalist tendencies developing in both "fascist" and "democratic" nations indicate an actual economic weakness of capitalism.

Thus, the 'aggressors' in the present struggle have turned their weakness into strength. It is true that while both the fascist and the anti-fascist nations are aggressors, until recently, however, the "democratic nations" could emphasize the use of economic weapons, whereas the fascist countries to an increasing extent had to rely on purely military ones. The world crisis of 1929, sharpening the imperialist contradictions and disturbing in unknown proportions the international economy, accentuated the militarization of capitalism. If the crisis brought no more than the "New Deal" to a rich country like the United States, it brought fascism to a poorer country like Germany, the still poorer nations like Italy, Japan, Turkey, Russia, and Poland already having it. Fascism reveals an arid capital and a still existing well-being is the basis of anti-fascism. When this well-being goes, the metamorphosis of anti-fascism into fascism occurs.

It is true, or rather it was true, that in the time of rapid capital accumulation the number of capitalists increased together with the growth of capital. But as soon as one compares this increased number with the increase of capital then it must be said that relative to the rate of growth of capital the number of capitalists declined. They were decimated in booms as well as in depressions; they fell victims to trustification and market control, to changes in production and productivity. However, in periods of capital stagnation and conditions of crisis the concentration process of capital through dominantly economic channels slowed down to the point where like in Germany it had to be bolstered by violent political methods.

Internal political struggles, the shifting of class positions, bankruptcies and favoritism, increased state interference to secure some form of stability to the exploitative society, lead to a situation in which the state assumed economic leadership. Though there exist

in Germany and Italy still individual entrepreneurs, individual interests, profits and goals, and therewith individual chances for gain, for privileges and extra profits; yet this individualism is now subordinated to the state-controlled total economy. Of course, formerly there were also economic aggregates and complexities, but today the individual diversity of all economic subjects and undertakings is coordinated and directed into total unified activity, in so far as this is possible at all.

In Germany today, the individual entrepreneur is no longer master of his own enterprise. He can no longer decide upon investment, upon importation or quality of raw materials, conditions of labor, type of production, rate of interest or profit. Overseas trade, colonial activation of the forces of expansion are taken out of his hands. He becomes an interested official in a bureaucratized, politicized, economic apparatus. No longer does he factually possess or augment capital which need reinvestment. The forced centralization, the trustified state monopoly has curbed if not abolished competition. For him, there is no longer a crisis in the old sense threatening the economy, because the armament industry which has animated all branches of industrial life is working full blast and is actually swamped with orders. The manufacturer is no longer haunted by the spectre of the falling rate of profit because the state has fixed, normalized and guaranteed his income. For expansion or new investments the treasury of the state is available.

This process going on, the composition of the ruling class changes still further. The state bureaucracy replaces more completely the lawful owners of capital. The bureaucracy becomes a mixture of industrial, military and political officials. However, like the capitalists of old, the new fascist rulers are such only by virtue of their control of the means of production. The rule over the workers and the powerless in society, which could no longer be safeguarded by economic means, is now secured by political methods. [5]

Able to develop world trade only on the basis of exploitation, the international policy of all capitalist countries—at all decisive moments—could assume the form only of warfare. Despite this peculiar form of “international relations” the capitalists, still fighting against the remnants of feudalism, fighting between themselves and against the workers, at first needed a political democracy in

[5] As the best short exposition of fascism and its origin we suggest the reading of Max Horkheimer's article “The Jews and Europa” in the *Zeitschrift fuer Sozialforschung*, Jhrg. VIII, Nr. ½; Paris, 1939.

which they could settle their problems within the general competitive struggle. But the more the concentration process of capital became intensified, law and government became less and less the synthesis of numerous political and economic frictions, and instead the "needs of the whole" were served better through exclusively serving the needs of the few. Government became solely the instrument for suppression within the country and an instrument for imperialistic policies.

National borders, however, cannot stop the centralization process. The trend in capitalist development towards reducing the number of exploiters simultaneously increasing their power over larger masses of workers, forces the international "re-organizations" of spheres of exploitation. The more the competition of private entrepreneurs was displaced by the political competition for bureaucratic power positions, the sharper became the competition between nations, but no longer only for this or that colonial possession, or for a greater share of world trade, but for complete and exclusive control over so-called geographic-economic "*Lebensraeume*". In other words, there evolved the division of the world by a few important powers, sharing among themselves the exploitation of the many national unities, just as the great industrial combines control a number of smaller enterprises. "Only for a few great powers", states a Nazi Publication, [6] "remains the possibility of military independence and an autonomous economy. For lesser powers this holds true no longer". And it is pointed out further that the world crisis was not overcome by the automatism which worked in earlier depressions, but that each country was forced to find a solution for itself without regard for world economy. However, this "independent solution"—first celebrated as the trend towards autarchy,—was in reality the preparation for war between the decisive powers for world dominance. "The concept of a power", the Nazi publication continues, "has been defined as a state capable of defending itself against a constellation of other powers. Since there exist great powers, small and medium states are forced to cooperate with them or to maintain neutrality. The political power must also be an economic power, which, then, is the real meaning of all present-day military policy in England, France, Germany, Italy, and Japan, because the basis for a stabilized economy exists only in countries like the United States or Soviet Russia, stretched out as they are over whole continents. The smaller countries are unable to defend them-

[6] L. Miksch, "Wirtschaftsgrossmaechte und Nebenlaender". Die Wirtschaftskurve. Frankfurt a. M. H. II. 1939.

selves and are able to be independent only on the basis of a low standard of living. The transformation of world trade corresponding to the military-economic necessities of today is not a general one, but starts with the great powers and leads to a reshifting of all nations around a few power centers."

The miserable conditions in Russia and the depth of the crisis in the United States, however, shows that in these countries there also does not exist the basis for a "stabilized economy". The capitalist crisis is not a question of geography but a problem of class relations. As long as the exploitation of wage labor exists, as long as the whole economy functions for the maintenance and in the interest of the ruling classes, just so long territorial expansions, re-shifting of nations, divisions of spheres of influence may help one group of capitalists at the expense of others, but they can not do away with the existing misery and the present crisis conditions. This very process illustrates the utter incapacity of capitalism ever to proceed towards a real and rational world economy. The "automatic laws of the market" have not done away with the crisis conditions characterizing the world of today; the hope is gone that they ever will. The possibility for the recurrence of the "normal recovery" is also gone, for capitalism there is nothing left than to amalgamate as many states as possible into one or the other bloc of powers and to attempt an equalization of the diverse competitive capacities between these blocs, which is possible only by way of war. But this very process of solving consciously and capitalistically the present crisis conditions, deepens them only further, for those economic criteria of capitalism which manifested themselves through crises, have been largely eliminated under recent fascistic and other organized interferences with the economic mechanism.

This then is the "tragedy" of fascism and of all "capitalistic planning" attempts, that the better they succeed, the more they disrupt the capitalist world order. Yet, there is no way of preventing this destruction, for with the "waiting for normal recovery", the depression would create miseries at present inconceivable, and cause the destruction of millions of human beings and multitudes of capitalists. This situation cannot be envisioned without its corollary of wars and revolutions that is, such a situation would bring into existence what exists today. A capitalist peace is no solution for capitalism; it would not be less costly than war. And the intelligent of the ruling class know this. "In all the belligerent countries", writes the *New Statesman and Nation*, [7] "the return to

[7] *A New Deal for Europe*. 2-17-40.

civilian life may seem so perilous and so difficult that the dread of it may even prolong the war. Besides idle machines, demobilized men even among the victors, if victors there be, will face poverty with rifles in their hands."

TRANSFORMATION BY WAR

It was no secret that Germany was preparing for war. Its whole economy since 1933 and even long before that was geared to the coming slaughter. To make possible the external struggles, peace had to be established at home. The bourgeoisie of old could no longer guarantee such peace with the traditional methods. A new ideology was developed to secure capitalist exploitation, though it no longer appeared capitalistic. The social phraseology became the more "radical", the more actual life became barbaric. As the "social politics" of the age of reform indicated only intensified exploitation, so the growth of national-"socialist" ideology expressed only the preparation for gigantic mass murders.

From the viewpoint of the worker's class interests there are no essential differences in the characters of the German and the other socio-economic structures. Yet, there exist considerable differences in the economic insecurity of the diverse nations, explaining the range of differences in the ideologies. As a capitalist nation Germany resumed its imperialistic policy at the first opportunity; capitalistically there was no other way out of its difficulties. The German working class, unable and unwilling to end capitalism was therewith forced either to participate in the new imperialistic drive, or to remain altogether passive. And their actual passivity has been an additional reason for the coming of fascism with its peculiar national-socialistic phraseology. But what holds good for Germany, under present conditions, holds good for all of the world. Not to act socialistically means to act imperialistically. It is entirely senseless, then, to maintain that the German workers do not really want to fight for fascism and its war. Nobody *wants* to fight for anything. But by missing a historical chance, or in the absence of an opportunity for a social revolution, the workers of today have no choice but to fight in the fascist war. In spite of the French and English workers declaring and even believing that they are not fighting Germany but Hitler, they too are fighting only because they have no other alternative, they also have to act imperialistically for failing to act socialistically. For this reason it cannot be expected that the workers of these countries, or any other country, will seriously oppose the fascization process going on in the world.

Fascism is not a German invention, but the outcome of capitalist liberalism. It is not the opposite of that which existed yesterday but its continuation. Its roots can be traced back to the very beginnings of capitalism, and it may be described as the most ideal form of capitalism yet achieved. As fascism is the product of capitalism proper and as it is created by world capitalism though first appearing in a few countries, it must some day embrace the world unless the capitalist system of production disappears altogether. The war will hasten the fascization of the world, it is the medium for this process, but even this development must be forced upon the world and cannot be—on account of the existing class relations—consciously and peacefully adopted.

"To conquer the enemy", said Paul Reynaud, [8] "we must first conquer ourselves." And two weeks later he said before the French Senate: "Many Frenchmen are uneasy at the prospect of postwar France. They wonder if the state will devour everything... Exchange control? Price control? Salary control?... Events have forced them on us." It is true, events have forced fascism upon the bourgeoisie. But once it appears, all bridges to the previous form of capitalism are blown to pieces by that newly-emerging ruling class which takes over positions of social power during the "emergency."

The centralized dictatorships of the continent also determine the course of English society. Its resistance to the transformation in their direction is not to be considered since "the unconscious but extremely effective solidarity of all classes in exploiting the colonial and pre-capitalist markets is drawing to its close. The struggle for the respective share in the national product can no longer be mitigated simply by a compromise over the sharing out of the annual increase." [9] The state itself will have to maintain the exploitative order and "the only compensation which could be offered to the upper classes in place of their economic privileges would be a favored role in filling leading positions in the administration of a planned order-administration instead of aquisition." [10] "It is not too much to say", states the London *Economist*, [11] "that the form which industrial control takes during the war will dominate the economic development of the country after the war. We are in serious danger of slipping into a feudalistic system of cartel con-

[8] Speech to the Chamber of Deputies 12-13-29.

[9] *The Price of Liberty*, p. 38.

[10] *Ibid.*, p. 41.

[11] 12-9-1939; p. 364.

trol which may or may not succeed in producing a stable post-war world but which will certainly militate against the abundant production of cheap goods."

It will not take long till the French decrees for stabilized wages, regulation of payment for overtime, and the abolition of the shop steward system will echo in England. And after that there will follow the elimination process of the atomized capitalistic interests to establish the unity state-capital now ruling in the fascist countries. In the forming of the modern nation-state, political centralization was the necessary means of overcoming feudalism, and it now becomes the guardian of the system of wage labor against possible rebellion. What was once hailed victoriously by the lower classes as their very own, now turns into a system of oppression beside which the feudalistic form appears as a monument of liberalism.

Just as the individual capitalists turn fascist (with exceptions) only at the point of bankruptcy (and some are denied even that privilege) the capitalistic labor organizations, too, have difficulties in adopting themselves to fascism. They can at best follow, but never initiate the new trend. That the old labor movement lives and dies with liberal capitalism comes to light in their helplessness before fascism, and their inescapable necessity to help prepare the way for it. In opposition to Daladier's dictatorial policy, Leon Blum, for instance, in behalf of the French socialists could no more than declare, that his own program did not differ in its final purpose, but only in method, from that of the French bourgeoisie. "There is even a movement among the more progressive elements in the C. G. T." (National Trade Union Centre of France), reports the *Economist*, [12] "to think in terms of universal military rates of pay supplemented by family allowances. Why should a worker be paid more than a soldier?"

When after the establishment of exchange controls, of a license system for foreign trade, and with the beginnings of investment control, in the French and English governments' adjustments of their economies to the needs of war had been made, the thing that was stressed by the English experts first and most of all was the need to lower the English wages to the level of the French. The trade union representatives, it was said, "will be unable to escape the conclusion that sacrifices will have to be made by the British working class before equality of effort with France is reached." [13] And British experts offered a number of plans to facilitate the sacrifice.

[12] London, 2-3-1940; p. 191.

[13] *Economist*, 12-16-1939.

Mr. J. M. Keynes, the most celebrated of them, writes, "The workers must not make a greater immediate demand on the national resources than hitherto; the community may have to ask of them a reduction. But this is no reason why they should not be rewarded by a claim on future resources... The remedy is to distinguish two kinds of money-rewards for present effort—money which can be used, if desired, and money the use of which must be deferred until the emergency is over and we again enjoy a surplus of productive resources." [14] This scheme fits perfectly, as an American complained, "in the growing passion for coercion and regimentation", but it must amuse even the schemers, as they know quite well that Mr. Keynes' high-sounding language will not substitute for the whip which will back up the command to work more and eat less. For "at no point in a realistic discussion of how in particular those British citizens who suffer war losses to person and property are to be compensated can it be assumed that anyone but the British public will foot the bill. This obviously means that the attempt will be made to keep the bill small. [15] The bill can be kept small only at the expense of the workers. And if it was only just to ask why a worker should be paid more than a soldier, it is not unjust to ask further why he should live longer than a soldier?

The more the struggle for democracy spreads and the longer it lasts, the more rapidly will the world be fascized. Beginning with the complete subordination of labor, the process ends with a newly-entrenched ruling class controlling all of society. Neither capital nor labor will escape; nor will there be left a democratic island to which the intellectuals may escape to preserve the "culture" of yesterday that is, their status as intellectuals in a moribound world. "If this war leads Europe to adopt the totalitarian economic system", concluded a round table conference of American experts, [16] "in which government directs production and foreign trade, the United States might move in the same direction, for reason of self-defense."

Though war accelerates the spread of fascism, it does not cause it. How fast fascism will march cannot be correctly predicted. However, a defeat of the "democratic countries" would lead to the immediate completion of the fascist revolution now in progress. Countries in which private property in the old sense has still sufficient weight, will for that reason—in self-defense—be on the side of

[14] *London Times*: 11-14; 11-15; 11-28-1939.

[15] *The Economist*, London; 12-2-1939, p. 320.

[16] *Fortune* January 1940, p. 71.

France and England. An alliance of a country like the United States with Germany would presuppose a fascist revolution in America. Only when the private property elements would be sufficiently driven back, would the question of choice in war-partners arise. At present, the United States, is interested only in either a speedy defeat of Germany necessitating its early entrance in the war on the side of the Allies, or in a compromise solution, in a truce rather than peace, to win time for a re-alignment of forces less favorable to Germany than the present one. In short capitalism wants both war and no war. This Hamlet attitude corresponds to the opposition of private capital to the fascist tendencies in the "democratic" countries. It constitutes their weakness and augurs their possible defeat unless they, too, become as one-sidedly totalitarian as the fascist countries. But if they do—and eventually they must, war or no war—there, then, should be apparent to any worker now under the spell of ideologies, the senselessness of all national questions and all struggles for national purposes.

The more difficult the situation becomes for the Allies, the more pressing becomes the need for America to help them, the more fascistic these countries will become, and the more they will drive Germany towards the final elimination of the last remnants of the old capitalism. If the fascization does not continue in the democratic countries, there is no chance for their military success; and violent fascist revolutions will attempt to save what can be saved in the diverse fatherlands. All roads lead to the totalitarian state.

It is no less than backward thinking to assume that a truce at present would improve the position of the Allies, on the chance that the Allied diplomacy of Pound and Dollar could then defeat the German diplomacy of troops and cannons. Money was everything only as long as it was respected as the ideal and universal form of wealth and power. The old Blanqui slogan, that "those who have iron, will have bread," bears more weight today. What of it, if Germany cannot secure iron ore from Sweden or the oil from Rumania because she lacks exchange? It can take the mines of Sweden and the fields of Rumania by force if no counterforce exists to stop her. The gold in the hills of Kentucky is no such counterforce; to become transmitted into force, means the arming of Sweden and Rumania, or the militarization of America. The first takes time, the second means fascism. Dollar diplomacy is not enough; the truce will be used rather to militarize the "democracies" to the extent that will re imbue the fascists with the proper respect for cash. "We can defeat Germany only", states the *Economist*, "by accumula-

ting an unquestioned preponderance of all the materials of war. The only way in which we can be sure of winning the war is by looking ahead to a time when we shall be able to take the offensive side with at least an equality of manpower and a crashing superiority of material—in short, do to the Germans something of what they did to the Poles in the month of September". [17] If this was true when printed it is even truer today. It implies that the anti-German forces will be increasingly forced to adopt that system which they are out to fight.

It is the wishful thinking of the anti-fascists that the blockade and brewing financial troubles will surely bring about the defeat of Germany without much effort on the part of the Allies, but in this hope the movers and shakers of yesterday will be utterly disappointed. Those "Marxists" a la Sternberg who by counting the economic weaknesses of their old fatherland on their ten fingers will have to do much re-counting. Their "economic approach" is already today a sort of propaganda in the Goebbels manner. By fostering the war they help to bring about a world-wide fascism; and even if their hopes come true, they will have merely aided in bringing about a change of fascist commissars in Germany, but no more. Such "Marxists" who propose others to fight against Hitler assuring them of success in advance, have become themselves fascist in spite of Hitler's unwillingness to grant them that privilege.

THE FASCIST WORLD REVOLUTION

If Germany wins, warn the antifascists, it will rule the world. No more possible in reality is the other hobgoblin that haunts many an antifascist, which is that out of this war there might arise a world-embracing system of fascism under one centralized ruling body. The present half-hearted economic union of France and England and its possibility of continuation after the war, the hypocritical talk of pacifists, antifascists, labor leaders, and other well-meaning people about using this war to establish some sort of European Federation which would come to an understanding with the rest of the world, returning with it to economic freedom, gives rise anew to the dream of internationally regulated exploitation.

During the period of social reform it was argued by the socialist worshippers of capital that the so-called tendency in each nation towards the General Cartel—the one big trust—would be only the stepping stone to an international cartel, that therein was to be seen

[17] *The Economic Front*. December 9, 1939; p. 363.

the conscious and peaceful transformation of international society into socialism. The League of Nations was later envisioned as the first major step in this process, but the world crisis, the collapse of innumerable schemes and real attempts for international cooperation, changed the dream into the nightmare of a world-embracing fascism after the Russian model, so that the only ones remaining joyful in these fantasies were the Bolsheviks.

The ruling classes of the nation-states have historically developed in a way which excludes the possibility of sharing in the world exploitation by agreements. The organization of world economy with its highly developed division of labor, bound as it is to a multitude of interests not directly concerned with its needs and consequences, continually evolves frictions between the pressing real needs of world production and distribution, and the class needs and limited interests of the atomized bourgeoisie. This contradiction exposes the capitalist mode of production as a hindrance to the further unfolding of the productive forces of mankind.

Theoretically and abstractly it is conceivable that wars could be avoided if all ruling classes in all countries, or in a decisive number of important countries, would unite themselves into one ruling body to organize world exploitation on a truly world economic basis. What would be still left then would be the class war between the world exploiters and the world exploited. However, though the human mind could construct such a situation, history is more and something else than the human mind. First of all, the actualization of this concept would mean the disregarding of all previous history, which has created a set of conditions in which decisive changes can be made only by way of struggle. Furthermore, in the very process of centralizing the rule over the workers in each and all countries class positions are shifted, fortunes destroyed, capitalists eliminated. To effect a centralized world rule which would realize an exploitative world economy ending the necessity of war, not one but uncountable wars would have to be fought to destroy a multitude of special interests opposed to this centralization process. But each of these wars is likely to create conditions allowing or forcing the working class, to destroy the now reactionary class rule. Being the only class whose interests do not oppose a real and conscious world collaboration, a truly world economy which would release the productive forces now latent can be successfully realized only by this class.

The present war demonstrates as does all previous capitalist history, the impossibility for capitalism nationally and internationally considered, either to satisfy the real needs of world production or of mastering it in its own capitalistic way to safeguard itself. Even nationally where through political methods capital concentration has reached unity with the state, it has been proven impossible to eliminate the struggles within the ruling class. And it is unthinkable that these could ever be eliminated (their form only can change) without the eradication of classes altogether. The very existence of class relations continuously engenders frictions and struggles within the ruling class. So long as the economy is not able to satisfy the relative wants of the great masses of people—and the existence of class relations is indicated by just this situation—it cannot satisfy the wants of the ruling class, which in itself is divided into many categories of economic and political importance. The control of the controllers remains a necessity, and distinctions are made in all layers of such society. Each shift in the productivity of labor, and each reversal the economy suffers, dislocates entire sections and changes their positions within the ruling class. The struggle of the exploited to enter the exploiting class leads to a continuous struggle within the latter, as the struggle in the exploiting class finds its arguments in the misery or the aspirations of the exploited.

That it is impossible for the sectional struggles within a national ruling class to be eliminated, is proven quite dramatically by the various purges in Russia and Germany, and since this intra-class peace cannot be attained in countries where political and economic control are practically unified, its possibility is all the more fantastic in the case of an international ruling caste. All this is independent from the more important consideration of whether a greater productivity and better general welfare would be possible at all on the basis of such centralized control, which nevertheless continues the old class relations between capital and labor. Neither Russia nor Germany has as yet proven that this greater "prosperity" is feasible, and the proof will be forthcoming only when this real world of opposed capitalist units is superseded by the prophet's paradise of a war-free world cartel.

But the war-free world cartel, in which by international agreement the different shares of the world-created profits are allotted to the different political-economic combines according to the needs of international fascism, will not become a reality. Not even the unification of Europe will result from the present war, for this would presuppose the complete defeat of one or the other set of the belli-

gerents. However, the fight is not over European but over world issues. A unified fascist Europe would mean, furthermore, the continuation of war; no longer between blocs of powers but between whole continents. And it would make no difference here whether the fascist United States of Europe would be determined by German-Russian or by English-French imperialism. The American imperialists, for instance, are well aware of the fact that whatever may be the outcome of the war, it would lead only to another war with still greater issues involved. Arguing for the increase in the Navy's budget, Secretary Charles Edison recently stated: "What we have asked for is not sufficient to defend our home waters, the Monroe doctrine, our possessions and our trade routes against a coalition of Japan, Russia, Germany and Italy. We must face the possibility of an Allied defeat and then measure the strength of the powers which might combine for action against the Americas. If our Navy is weaker than the combined strength of potential enemies, then our Navy is too small. It *is* too small [18]." But American imperialism would have to arm equally as well against an English dominated coalition.

Capital must expand or disintegrate. In either case nations, blocs of nations, or continents must with necessity encroach upon the interests of other nations and coalitions. Within this very process oppressed nations seize either the opportunity or face the necessity of revolt against their oppressors. National states will arise as others disappear. The world scene does not shift towards greater balance but to ever more chaos. Disorder is the basis of capitalism; the quest for order itself leads to greater disruption. By fighting for national "independence" the backward countries not only add to the general disorder but also bring to light the impossibility for a realization of their desires. Their struggle for independent national borders helps to destroy other nations. This is analogous to what happens in the attempt to safeguard competition in a world of monopolies. The fiercer one fights for competitive strength the more inexorable grow the forces of monopolization. The days of the capitalist market economy are numbered; so are the days of capitalistic nationalism. And yet, the victory of monopolization can never be complete, and the national question can never disappear unless the socio-economic setting is created for a conscious regulation of world economy. This task can be undertaken only by the world proletariat which must yet recognize that its life interests are internationally identical. Though these interests of the workers

[18] Quoted in "Time," 1-22-1940, p. 18.

are already objectively unified, the life interests of the ruling class will always remain nationally sundered no matter how close the nations should ever resemble each other.

To support today the struggles for national liberation means to support the growth of fascism and the prolongation of war. Because only by becoming more centralistic, more capitalistic, more aggressive than the older countries, such nations would be able to "free" themselves from one set of imperialists only to fall victims to another. But never can they free themselves from the capitalist misery ruling the world. Since all advantages are still on the side of the imperialist nations the fight for national liberation concerns no more than the choice between imperialist rivals benefiting not the mass of the oppressed people but only their rulers. To envision, for instance, that the independence of India, brought about because of the war or with the direct aid of German imperialism would create democratic conditions and further the capitalization of that country requires the loss of all sense for reality.

Though there is no longer a chance for the oppressed nations to free themselves, there too, is no longer any chance for the oppressors to maintain their rule, just as there is also little hope for the so-called have-not nations to overcome their present difficulties by seizing for themselves the possessions of the have-nations. After all, the favorable position of the have-nations did not spare them from economic depression and decline. They may fall later, but when their reserves are exhausted they fall nevertheless.

It is a rather pitiful show which is provided by English and French capital in their hedging on the Russian question. They cannot make up their minds whether or not to include Russia among their enemies. Not only Germany, or Germany and Russia, but the whole world is England's enemy, just as not only England but the whole world—despite the German overtures to France—is Germany's enemy. As a matter of fact, "Russia, not Germany, is Great Britain's historical antagonist in Asia; and Russia, not Germany holds the strategic threat to Britain's imperial life-line from Cairo to Calcutta. Germans see, beyond the wheat fields of the Ukraine and the oil wells of the Caucasus, the land route to India. Having already obtained Russia's pledge of economic help, they see the prospect of also obtaining Russian pressure on the vast reaches of Britain's empire [19]." If because of this, the British attempt to break the Russian-German alliance, they will find no reward. The "balance

[19] Barron's Financial Weekly, 2-12-1940, p. 3.

of power" strategy has reached its end. What was believed to have worked somehow in the last hundred years certainly does not work any longer. England's policy of preventing the establishment of a power or coalition able to challenge her supremacy did not save the Empire, but it was rather the relative prosperity all over the world which allowed credence to the value of this policy. Though apparently leading to the German defeat in the last war, its pursuance permitted a German comeback so that it could once more challenge English supremacy [20]. As the well-being of international capitalism allowed success to the policy of the "balance of power," the general crisis of capitalism excludes its working. Not this or that policy, but the deep economic pressure which moves the world today determines its future as well.

What if England does succeed to break the new alliance of fascist countries by bestowing upon Russia what it refuses to Germany, or giving to Italy what it denies Japan, or to Japan what it denies Russia, or to Germany what it denies Russia? Then new alliances will spring up as a result, new interests will arise, the war though shifted will remain because the hunger is general. What if by such moves one or the other country, whether Russia or Germany, is totally defeated and dismembered by the victors? "The days are over," mourns the *Economist* [21], "when the defeated enemy was expected to meet the expenses of the victor, and also to indemnify him for the inconveniences and suffering involved in fighting the war, . . . the understanding that the loser pays has gone the way of most of the sporting principles which were a minor feature of the wars of the distant past." What if in the course of the war German interests all over the world are eliminated? This war is not only unprofitable [22], but entirely meaningless from the viewpoint of national capitalistic interests. Not only is there a chance that non-belligerent powers may take advantage of the war situation, but those backward countries over which the war is really fought may yet raise their heads and secure for themselves the exclusive rights for the exploitation of their "people." In South America for instance,

[20] See "The World War in the Making," *Living Marxism* No. 5, pp. 132-peace agreement, with the possible consequences of attempts at ending the per-

[21] 12-2-1939, p. 320.

[22] The *Economist* of Dec. 9, 1939, p. 365, states: "There is now widespread recognition of the necessity to use the weapon of export and import competition against Germany in these markets that are still open to her and to us. We must be prepared to sell cheaply there, if by so doing we can make Germany also lower her prices; we must be prepared to pay extravagant prices for goods we do not want if Germany does want them... Export industries are not an alternative to munitions industries; they *are* munitions industries."

oil for Mexico and steel for Brazil are made the pretexts for the development of half privately, half state controlled economic systems the like of which rule today in Europe. Private capital will no longer be able to control those countries and no longer be willing to take the necessary risks. To continue the exploitation of countries like those in South America a fascist North America must arise.

The economic war disrupts further the already badly disorganized world-trade and threatens the foreign business of all "neutral" nations including the Americans. The English, for instance, have brought pressure upon Argentina to buy British products to the exclusion of goods from the United States. The Germans have increased their exports to all acquirable markets. They have a price policy dedicated to economic warfare and are producing on a scale that will not only keep an army in the field, but on the largest scale to which their industrial machine can be driven. The non-belligerents are not profiting from the war; they report increasing unemployment and growing economic stagnation. As history cannot be turned back-interests which must in turn be defeated since they will not voluntarily retreat.

One must laugh upon reading Mr. Welles' proposal to the French government that a war goal must be the removal of the newly established trade barriers. The Welles statement [23] listed three points: "1.) Healthy commercial relations must be the basis of political and economic peace. 2.) The prosperity of international commerce precludes exclusive discriminatory agreements between two countries. 3.) If world trade is to be reconstructed after the war, it must be without resentment or fear of any nations toward others." And it is only in keeping with the nature of these proposals when President Roosevelt added to them the need for "doing away with huge armies, and the need to permit free international exchange of ideas and to allow the worship of God."

The return to a free market as a war goal goes well with the hypocritical proclamation that no more than the defeat of Hitler and the re-establishment of borders violated by Germany are involved in this war. Neither one nor the other can be realized even if the statesmen for once in the history of statesmanship should mean what they say. The increasing fascization through war eliminates all respect for national borders, as fascist foreign policy means precisely the doing away of borders preventing the needed expansion. To maintain the security and the profitability of the present blocs of power new trade barriers have to be erected in conformance with their

[23] New York Times, 3-10-1940.

different needs. Planning will bring counter-planning, features of today's economic warfare will become permanent if the fascist plans succeed.

There are numerous additional arguments proving the practical impossibility for the realization of a fascist world cartel. The present war will not effect a capitalist international reorganization allowing for a new period of capitalist advancement. This war, as the permanent depression since 1929, is but another side of the decline process of the capitalist form of society.

Ending the War

The fascist "world-revolution" must then be understood as the reorganization of all countries on the basis of a fascist economy, accompanied by violent attempts to re-shuffle economic power positions in the interests of the dominant fascist countries and their satellites. The present war will not lead to another period of peace, but is a permanent war, as the depression of 1929 has become permanent. There will be no vanquished and no victors; defeat and victory would imply that the ending of the war exists already in its beginning. Whatever countries will still be involved in the war, and what re-alignments will take place, interesting as this speculation may be, are of no concern to us, nor to the working class at large. Neither victory nor defeat are any longer of importance to the ruling classes, though no choice exists but to work towards victory. They will never obtain the peace they desire; all they may reach is a temporary truce implying the defeat either for England—France, or for Germany. In either case the position of the countries forced into the truce will become untenable and their collapse would be only a question of time. They could not help but to initiate another armament race and to prepare for the resumption of the war. The respite would not be long for without the war internal conditions would culminate into social convulsions, leaving the uncertainties of war more preferable to the ruling classes. And yet, though war seems to be the only solution out of the capitalist dilemma, the system will not be able to carry war to the extent necessary for the solution of its contradictions.

We must recall at this point that capitalist accumulation comes to an end simply because it cannot produce the profits necessary for a continuous expansion. When capital becomes too gigantic, profits become too dwarfed in comparison for capital to be increased at the previous rate of growth, a rate necessary, though no longer possible, for the existence of prosperity. In other words: the profits

created, however large they may be, are too small to be employed with any significance in relation to the increased requirements of an increased mass of capital; the largest unemployed army indicates no more than a real lack of labor power relative to the profit-needs determined by a progressive expansion. In a similar way, the war which may be necessary for that re-organization of capitalism necessary for its further existence, may require energies which can no longer be created by capitalism. The war machinery needed by each of the belligerent countries to crush the other may be beyond their reach. Just as capital lies idle, appearing as a surplus though in reality representing a shortage of capital because it is not sufficient for a profitable expansion, armies and war machinery lie immobile because—enormous as they may appear—are still insufficient to make probable the success of an offensive. Idle capital indicates the permanent depression—the idle soldiers on the Rhine illustrate the permanency of war. Ridiculous as it would be, from a capitalist point of view, to activize a capital that would be sterile of profit, it would be just as ridiculous to set in motion armies incapable of shifting the balance. However, capital weighs heavier than human lives, and capitalists will sooner risk their soldiers than invest their capital unprofitably. But even if the offensive will eventually occur, through the despair caused by the increasing economic and social pressure, still they must of necessity take place within the structure of a limited war unable to fulfill its birthright: the total defeat of the enemy.

The cost of equipping and maintaining a division in the field has been almost doubled since the last war. The cost of aeronautical equipment per man in the English air force alone is about 2,000 Pounds per annum. The technological advance of the war-machinery has increased the cost of military operations enormously, and it can be said that for each soldier at least 10 workers are needed to assure his efficiency under modern war-conditions.

The enormous armies kept in constant readiness, the production for purely destructive purposes increasing continuously, the need for carrying on the economic warfare, and the necessity to provide sustenance for the workers laboring at high speed, all eat into the surplus value as never before and lead to an increasing pauperization of all countries, and still this process cannot be intercepted by a sudden gigantic effort on the part of one of the belligerent powers. For such an effort all the available energies are not enough. Thus arises a situation which necessitates the permanence of a war grow-

ing out of the permanent depression—a crisis which cannot be ended unless ended by the soldiers themselves, the soldiers both on the fronts and in the factories, for in the course of war any distinction between these divisions of the laboring class will disappear [24].

THE END OF BOURGEOIS ECONOMICS

The beginning of theoretical economy as an independent science is generally traced to the time of Adam Smith. Though this "beginning" may be more correctly considered a turning point in economic thought, nevertheless there began with "The Wealth of Nations" an entirely new period for economic theory, the period of the "Classical" theory, which reached its highest development with David Ricardo. After that it seemed that all that could be said about political economy had been said. The followers of the Classicists came to be known as the Orthodox School; their aspirations encompassed only the interpretation and elaboration of the Classical viewpoint.

The Classical theories and the Orthodox School both developed in England. There they had their greatest influence. For England was then the most industrially advanced country. True, other countries following England's form of industrialization were strongly inclined to import those economic theories, since they were a concomitant of the industrial development. However, because the results of this industrialization process did not for a long time correspond to the high expectations of its advocates, scepticism arose to challenge the desirability of following in the footsteps of English capitalism and of accepting its economic theories.

Because it was the first of the new capitalistic powers England had many advantages, and these resulted in a corresponding number of disadvantages for countries less advanced. Free trade, a principle of the Classical School and its followers, expressed in reality a prerogative of England and hampered the industrialization process in countries not so highly developed. The general theory did not fit different circumstances; to object to English monopoly meant also to object to its *laissez-faire* philosophy.

[24] This article, continuing in the next issue, will deal with the further consequences of the permanent war, with the meaning of an eventual temporary peace agreement, with the possible consequences of attempts to end the permanency of war through turning the whole world into a battle field, and, finally, with the possibilities for a change of society to be made by the international working class. Included in the continuation of this article will be a critical discussion of the arguments presented by *Alpha* in this issue of *Living Marxism*.

The opinion of the Classical theorists and of the Orthodox School was that it was best not to interfere with the "automatic" regulation of economic affairs, which was affected by a market law as inexorable as a "natural law." According to this opinion, the law of *supply and demand* brought order into social production and distribution: An invisible hand was guiding the social relations of men in a just and effective manner. By competition, each tried to get the most for himself, and, because this competition was a general one, no one could acquire privileges nor be taken at a disadvantage. Each would receive what corresponded to the value of his product—a price that expressed the labor time incorporated in the commodity that he offered. If no one interfered with the automatic market laws, there would be active and continuous tendencies toward an equilibrium between supply and demand, and therefore the best possible harmony and welfare.

It is easily understandable that whoever prospered under the conditions of *laissez-faire* [which was more of an ideology than an actuality], was bound to believe that the theory of the Classicists satisfactorily explained the economic laws, and that whoever did not fare so well under those conditions would be inclined to rebel against this philosophy, as well as against the practices associated with it. These two conflicting attitudes, however, only proved the validity of competition. Each group was fighting for specific interests, but with unequal possibilities. Free trade, recognized as an advantage to the more developed countries, could be opposed by the less developed countries only with additional political means, such as state-fostered industries and tariff regulations. But this activity could lead to nothing but a return to international free trade and a more equal participation therein. From the beginning, the turn against free trade was destined to be of only a temporary character calculated to win competitive strength and to counteract national economic disadvantages.

At first, the Classical theories met intensive criticism. A new school of economic thought developed in backward countries which were trying to industrialize themselves. In America its foremost exponent was Henry Carey. Although some of the ideas of his "National Economy" can be traced back to the teachings of the Mercantilists and the French Physiocrats, their influence and temporary popularity were based, not on the past, but on the immediate national needs of overcoming hindrances in the capitalization process. Carey and his followers pointed out that the theories developed by Smith, Malthus, and Ricardo had only limited validity, since they could serve only the historically determined interests of the English capitalists.

Each nation, they concluded, was bound to reason along lines of its own specific interests. The purely economic could not be the sole explanation of economy: extra-economic factors, historical, ethical, psychological, national, institutional, also played their part, and had to be taken into consideration. The movement of prices, for instance, did not need to be explained by general competition, as they were not so absolutely and abstractly determined by "supply and demand." Instead, a series of ethical, conscious, and institutional factors was able to determine and transform historically established price constellations. However, with the growth of American industry and its larger participation in world trade, the historical school of National Economy lost its popularity and gave way again to the Orthodox School as the most scientific explanation and approach.

II.

The Orthodox School believed that the principles of economic science had been established, and that all further activity must restrict itself to the search for additional arguments to support the established generalizations. As a matter of fact, it was difficult to conceive of a further important development of economic science, since the belief that the law of the market alone solved all problems made further research quite superfluous. However, conditions in society were not so satisfactory as they might have been, despite the prevailing theories, and because of the existing social distress there arose within the highly industrial countries, and also within the countries in a transitory stage, a criticism of the Classical concepts. The Marxian School of economic thought, for instance, discovered that the Classical theory had stopped short at a point where its further development would have brought to light the painful consequences of the class antagonism existing in society. The recognition of the class-relations led to the formulation of the theory of surplus value, that is, to the concept that a part of the value created by labor was appropriated in the forms of profit, interest, and rent by the entrepreneurs and the owners of the means of production. By a theoretical anticipation of the consequences of such a relationship in regard to capital formation was deduced the theory that the development of the capitalist society would necessarily be accompanied by an increasing exploitation of the laboring population, since the rate of profit had a tendency to decline, in view of the fact that the relationship between the capital invested into the productive apparatus and that invested into wages shifted in such a way that the former became always larger and the latter smaller. As all profits are created by the workers, the diminishing number of laborers must lead to a scarcity of profits in relation

to the total socially engaged capital. This condition, it was argued, would increase the competitive struggle for the division of the social product. Thus the entire social arrangement was brought into question.

This rather complex theory, although finding little support in the United States, was in a simplified fashion largely adopted by the European labor organizations as the theoretical justification of their struggle to improve labor conditions. This school was widely acknowledged to be, as indeed it considered itself to be, the heir of the Classical theory.

It was difficult for the proponents of the Classical theory to confute the Marxists' theories, as the Classicists and the Marxists based their arguments on the same objective value concept, that is, that the value of commodities is determined by the quantity of labor socially necessary to produce them, and that all economic phenomena can be traced to this fundamental relationship. Attempts were now made to replace this objective and dangerous concept with a psychological, and subjective one, which, developed by Jevons in England and a number of Austrian economists, came to be known as the Marginal Utility theory. For a time this new theory became very popular in America.

The ideas of this school originated from the simple observation of human reactions to the scarcity or abundance of useful things. The Classicists approached all economic problems from the side of the commodity producing process. The new school took as its starting point the demand for commodities. It was clear that the utility attributed to a commodity by individuals diminishes with its greater abundance. Supply and demand were no longer determined by what was brought to the market by the producers, but by the individual desires of the buyers, who measured the value of a commodity by what it meant to them. Price was no longer determined by labor, but by the marginal utility of a commodity, which was measured on the market by the strength of demand. The decrease in demand would effect a decrease in the prices, and, with this, a decrease in the production of the commodity, for then its results would bring less than the final, or marginal price. It was, however, difficult to explain consistently all the various economic phenomena with this theory; and though single concepts of this theory were adopted by many economists of other schools, still, as a general theory it was slowly abandoned in America and elsewhere. However, the schools of commerce and the advertising business profited to a large extent from the findings of this school.

Although temporarily overshadowed by the theory of Marginal Utility, the Orthodox School was still dominant in academic circles, especially because of its revival by the Neo-Classicalists, whose foremost exponent was Alfred Marshall. The Neo-Classicalists, or modern value theorists, combined their older cost of production theory with the marginal utility theory. The idea that the Classicists had neglected the demand aspect of the economic process seemed to come clearly to light in the fact that it was difficult to satisfy the needs of the people, and this despite the occasions when it became quite difficult to dispose of the produced commodities. The Neo-Classicalists did not bother themselves any longer with questions as to the desirability of the prevailing economic system, they simply assumed that it was the best possible system, and they tried only to find means of making it more efficient. For one thing, *laissez-faire* did not function in the expected way, and recognizing that many of the arguments of the Historical School were justified, recognizing also that, theory or no theory, there were in reality constant interferences with the economic mechanism, they tried to find what possibilities there were of nullifying disturbances caused by state intervention, imperfect competition, and disequilibrium on the market. The static concept of the Classical School was replaced by one that allowed for evolution; absolute statements became relative ones, and the theory of value was now maintained only for the purpose of explaining the total and general social development. But for the explanation of market phenomena there was constructed a cost-of-production theory that no longer accepted labor as the sole value-producing unit, but postulated instead four factors of production, which, when transformed into market prices, determined the division of income. This new concept forced the Neo-Classicalists to restrict their research to market and price investigations in order to discover possibilities of influencing the economic movement in a socially favorable way.

To attempt to influence the movement of the market it was necessary to assemble empiric data and to discover practical methods of utilizing them. Two main tendencies then developed out of the Neo-Classical revision: One, maintaining interests in "pure theory," developed the qualitative analysis; the other, interested solely in empiric research, conformed to the quantitative analysis. Both tendencies played their part in America, but the latter found preference. Out of it developed the school of Business Cycle Economists, who were interested mainly in discovering the factors that determine prosperity and depression. Their researches were helped along largely by the birth of the so-called Mathematical School, which believed it

could reduce fundamental economic relations and problems to matters of summation and equation. However, as this school had only a methodological character, it was not in opposition to the other schools of economic thought, but helpful to all of them to a certain extent, and especially helpful to the Cycle Analysts.

III.

In opposition to the Classical theorists, as well as to the other economic schools, there arose in America the Institutional School, whose foremost exponent was Thorstein Veblen. This school, which had its antecedents in the Historical School, thought that most of the arguments agitating the academic circles were largely of an artificial nature; that most of the problems raised could be ignored. Economic problems and relationships were to be regarded no longer from the viewpoint of general abstract theories, but approached by an investigation of the actual social conditions and institutions as they arose, functioned, and declined. The Institutional School accepted economic determinism and connected it with technological development. It believed that the rise of industry had brought into being many new problems that could be solved only by the adaptation of society to these new institutions. It rejected the psychological emphasis of both the Classicists and the followers of the Marginal Utility theory and pointed out that "human nature" does not explain social relations and the institutions of society, but that rather these latter form and change human nature.

Institutionalism has its philosophic parallel in Pragmatism, both of which may be explained by the general social and ideological conditions existing at the turn of the century. By rejecting totally or partially the old value concept of the Classicists, economic theory had ceased the attempt to explain all social phenomena by an objective general theory. All it could do was to follow the actual movements of the market, the price relations, and to try to discover afterwards why the one or the other event had occurred. Predictions became impossible; the economists found themselves drowning in their accumulated empirical material, or lost in abstract speculations remote from all reality. Business was certainly something other than economic theory, for business men never acted in accordance with economic theory. Instead, they followed their most immediate necessities, without questioning their social meanings, or else they based their activity on their own analysis of market conditions, independent of all theory and guided solely by actual or imagined facts. The inability to discover the economic laws of motion on the basis of

money and price considerations brought about a general despair as to the usefulness of all economic theory. Hopes arising in period of prosperity vanished again in ensuing depressions. The harmony assumed by the Classicists did not harmonize with the increasingly chaotic character of economic life; and just as the Pragmatists had ceased to believe in eternal, universal, unchangeable natural laws, so the Institutionalists ceased to believe that the Classical Concept could be regarded as corresponding to unchangeable economic processes. What had been taken as the "natural order of things" was now recognized as an abstraction serving specific ends; not corresponding to an objective reality, but serving as an instrument for a particular social practice. Not the insight into a general law, but the need for such a law to foster limited interests, was at the bottom of the Classical theory. As long as this ideology, accepted as a general law, served the function of its adherents, it was certainly justified; its validity was proved by its actual results. However, the discovery having been made that not an insight into the nature of things, but the will to reach certain results, determined the ideas and actions of men, it followed that all theory can serve merely as an instrument to fulfill desired purposes. It saw old psychological motivations as factors excluding conscious interference with the economic processes, and as fostering a will-less subordination under nonexisting, but simply assumed, "natural laws," and it believed it was necessary to intervene actively in the economic life of society, to make it function in a desirable way.

After the first great difficulties had been overcome in the process of industrialization, there arose very rapidly in America the tendency towards monopolization and trustification. "Big business" seemed to proceed under its own necessities and wishes toward the subordination of all other social layers. The assumed "mechanics" of the Classicists, or the determination of production by consumption, as assumed by the Marginal Utility theorists, no longer corresponded to the known facts. Concentration of capital, fostered by the development of the banking and credit system, seemed to give the big trusts and financial combinations dictatorial power over the whole of society. The principle of *laissez-faire* seemed to have served solely to camouflage a development that was progressively destroying even the outer resemblances of *laissez-faire*. The cry for intervention in the "automatic" laws of the market was no longer directed only against cheap foreign competition, as in the case of the Historical School of Carey and his following, but also against the growing power of the trusts and monopolies within the country,

which could not be checked by economic competition, because competition had created them. The Classicists had assumed that the market served both society and its individuals, but now there existed neither the independent individual nor a society that harmonized all the interests of its members. Institutionalism takes as its starting point neither the individual nor the whole of society, but institutions which change society and transform group interests. It is not, as are, for instance, the Marxists, interested in a radical transformation of all social relations, but rather in a gradual change of society accomplished by important social layers that will adapt men and their relations to institutions that are already formed, like modern industry and technique. Without this adaptation of society to determining institutions, chaos and destruction must arise. Wishing to avoid these dangers, Institutionalism, by clamoring for actions for purposes of reform, was, as Dr. J. A. Estey has said, "an S. O. S. to save a sinking world." [1]

The psychological elements in economic theory are not, the Institutionalists pointed out, determined by general economic, unchangeable laws, but by institutional-cultured factors. To amount to something in society, one has to be successful in business; one has to be a man of means. People aspired to be rich in order to represent something socially. Parasitism and waste, expressions of wealth, were a mark of respectability, justifying the accumulation of large fortunes. In satisfying their pecuniary desire, people were constantly engaged in establishing social prestiges. Whoever lost the opportunity of doing so would be willing to turn to oppositional points of view and advocate a change in social conditions. The prevailing psychological attitudes seemed to the Institutionalists not only utterly false, but also dangerous to the maintenance of society. Against the economics of the leisure class they set the common-sense arguments for an economy that recognized the importance of the productive elements in society. Against the parasitical finance capital and its undisturbed freedom, they proclaimed the need for guiding the economic life, for partial or even complete control, for the reorganization of society in a way permitting the further advance of production and subsequent increase in consumption, which advance was being sabotaged by the "vested interests." In short, Institutionalism wanted to reform society along the lines of a full unfolding of the technical industrial forces, and of the possibilities of the greater welfare resulting therefrom. Today, the program of the Institutional

[1] Orthodox Economic Theory: A Defense. *Journal of Political Economy*. December 1936; p. 798.

School, as adapted to the most urgent needs, concentrates on the demand for a better distribution of mass purchasing power and an economy of plenty, which seems, in the words of one of its best present-day exponents, Professor C. E. Ayres, "the only road to economic peace, as it is the only road to economic order." [2]

IV.

In the United States today, only two schools, Orthodox Economy [modern value theorists] and Institutionalism, are of actual importance. Single phases of other schools, the Mathematical, the Marginal Utility theory, and the Cycle Analysts, insofar as they did not conflict with either of the main theories, were incorporated into them. The sharp opposition between the two groups has almost ceased to exist; each regards the other's doctrines as a supplementing rationale. This new attitude is dictated by the actual economic conditions, for even the most consistent orthodox theoretician can no longer overlook the fact that *laissez-faire* no longer does, nor could, function in such a way as to satisfy the hopes for it. So it is that W. C. Mitchell derived his importance in the history of economics largely, as R. G. Tugwell recently remarked, "because he is a bridge from Classicism to Instrumentalism," [3] and the Institutional School has profited much by recent researches undertaken by economists of the orthodox theory. However, seen from another point of view, this overlapping of all theories corresponds with the fact, as R. G. Tugwell further remarked, that "we have no economic theory any more in the old sense; we have merely utilitarian tentatives."

All schools of economic thought were forced by the crisis conditions to attempt to find practical answers to the needs of business. Since 1929, and even before that time, economists of the Orthodox School, as well as the Institutional, have indulged in extensive empirical researches to discover the secret of prosperity, and to find methods of shielding society from the dangers of stagnation and decline. Researches into the movement of the rates of profit, price studies, and analyses of the business cycle; investigations into the country's capacity to produce and consume, into problems of capital formation, the relations between income and economic progress, and issues like foreign trade and capital export were undertaken. Commissions of inquiry into the prospects for a planned economy were formed by universities and private research societies. The questions of business, labor, and the government, were widely discussed, with

[2] *The Problem of Economic Order*. New York, 1938; p. 88.

[3] *The New Republic*. October 6, 1937; p. 240.

and without relation to the experiences of other countries. Extreme adherents to the Institutional School arrived at conclusions of economic control similar to the partial or complete state-controlled economic systems in European countries. Extreme conservative exponent of the Orthodox School blamed, if not the depression, at least its continuation, on the unwarranted interferences of the government. But all this work was not sufficient to still the growing scepticism or outright despair for all economic theory. Despite the most important studies, and often because of them, the deepest pessimism as to the possibility of a rational solution of social problems prevailed.

Looking backward, and taking only essentials in consideration, one recognizes that the more recent development of bourgeois economic theory may be described as an unsuccessful flight from the value concept of early capitalist economic theory. However, the rejection of the labor theory of value resulted not only from increasing apologetic needs, but more so, from the growing necessity of interfering with the assumed automatic mechanism of the market economy. For such purposes the labor theory of value is entirely useless. Forced to consider only their most immediate necessities, the capitalists can find no interest in a real understanding of the present production relations and their social consequences. A knowledge of fundamental social laws is not required to make profits or to declare bankruptcy. Such a knowledge can help neither the capitalist nor the society which he dominates, because it can only disclose the shortcomings of the latter and predict the end of the former. The fetish character of commodity production requires "erroneous" concepts of economic problems, in order to bring about "correct" results for the exploiting classes; for in capitalist society

"the relations connecting the labor of one individual with that of the rest appear, not as direct relations between individuals at work, but as what they really are, material relations between persons and social relations between things."

[4]

The more "social-minded" the bourgeoisie becomes, the more it feels induced to bring order into its system—the more does it disrupt the only order possible under capitalistic relations, the uncontrollable workings of the law of value.

"In trying to escape from the periodical crises which threaten more and more the existence of bourgeois society, and in a desperate attempt to overcome the existing acute crisis of the whole capitalist system, the bourgeoisie is compelled, by continually fresh and deeper 'interferences' with the inner laws of its own mode of production, and continually greater changes in its own social and political organization, to prepare more violent and more universal crises and at the same time, to diminish the means of overcoming future crises." [5]

[4] K. Marx, *Capital*, Vol. 1; p. 84; Kerr Ed.

[5] K. Korsch, "Karl Marx." New York, 1938; p. 146.

The recognition that any attempt to safeguard the present society through conscious interventions into its economic laws is futile would not end such interferences, for they are themselves dictated by the blindly operating law of value. What "planning" there exists and is possible is forced upon the "planners" in their very struggle against a truly planned social economy.

The class character of society limits the bourgeois economists to considerations of isolated phenomena, to the assembly of limited and therefore meaningless data, to the play with certain relationships between some economic factors; it never allows them to deal with actual social questions. They can arrive only at conclusions the "correctness" or "incorrectness" of which is determined entirely by the "accidents" of the market. The recognition of the causes of those "accidents" can not lead to their elimination, but only to the knowledge that it is necessary to liquidate the market and commodity economy. Nevertheless, it will remain the unsuccessful function of the bourgeois economists to try to find ever new methods of guarding society from the results of its own developmental laws. The whole history of bourgeois economics actually proves Marx's assertion that the bourgeoisie is incapable of maintaining a scientific political economy under conditions of growing class contradictions.

"Its last great representative, Ricardo," Marx said, "consciously makes the antagonism of class-interests, of wages and profits, of profits and rent, the starting point of his investigations, naively taking this antagonism for a social law of nature. But by this start the science of bourgeois economy had reached the limits beyond which it could not pass. . . . It was thenceforth no longer a question, whether this theorem or that was true, but whether it was useful to capital or harmful, expedient or inexpedient, politically dangerous or not." [6]

V.

Marx distinguished between three different types of economic theory, the classical, the critical, and the vulgar. Since then, the latter has spread out in about a dozen branches. In accordance with the competitive character of capitalist production, each class of economic thought vies with the other. Each blames the other for the prevailing belief in the uselessness of economic theory in the practical needs of society. But as a matter of fact, theory is more important to all of them than reality, all have fallen victims to a fruitless formalism. The dry and eccentric opinions of the followers of the Mathematical School are no more nor less removed from reality than are the ideologic, partial descriptions of economic processes by other schools, and the prevalence of the one or the other is de-

[6] K. Marx, *Capital*, Vol. I; pp. 18-19; Kerr Ed.

terminated not by the economists, but by the social conditions under which they operate. In the United States, for instance, where the miserable character of capitalist production is only now beginning to impress itself upon the minds of men, a considerable number of economists can still limit themselves to empty price considerations, and can even say that "the greatest economic catastrophe that has ever occurred is primarily a price problem." [7] Whether or not this is actually true is not even investigated, for as long as the logic of the false assumption is maintained, all is well as far as the economists are concerned. That their theoretical assertions are not applied is not the fault of the economists, they argue, but the problem of those who are responsible for actual policies, and who in their ignorance refuse the service of economic science. But where all theory is "co-ordinated to the needs of the nation," as in Germany, economic thinking becomes outright nonsense. "Pure theory," it was said in Germany after 1933, is "typical for the English and the Jews," but entirely foreign to the German character, which derives its economics from national and racial principles. However, though an "economic theory" limited to a nation may serve the propaganda needs of autarchic policies, it will serve nothing more—and those policies are only the means for further imperialistic expansion in an actual international economy. Consequently, a few years later, the "typically German" economic theory was once more transformed into "general principles of human relationships." [8] In England which, so to speak, still lingers between yesterday and today, between America and Germany, neither the consistent restriction to price phenomena, apparently free of all ideology, nor the ideologic nonsense in vogue in Germany, apparently freed from the price fetishism, has yet aroused sufficient interest. Thus, economic theory everywhere only supplements the prevailing ideologies. Though it is said, for instance, that J. M. Keynes' "rebellion" against Orthodox restrictions in favor of a determined active attempt to change depression conditions is largely responsible for Germany's present economic policy, as well as for Roosevelt's New Deal, it is quite superfluous to inquire into the truth of such assertions. For even if this be the case, nothing of real importance can be recorded. The "new" credit, money, and public works policies, the quest for a lower rate of interest, or even its complete abolition—yes, even the "socialization of investments" and all the other proposals, are as old as capitalism. Their present more intense application only reflects the increasing

[7] G. F. Warren and F. A. Pearson, *Prices*. New York, 1933; p. 1.

[8] *Die Deutsche Volkswirtschaft*. December, 1937; p. 1281.

difficulties of capitalism. They are not designed to change the system, but instead they follow from the changes already made in capitalist structure, and mean practically that the concentration and centralization of capital proceeds now with additional political means. The present economic measures, Sir Arthur Salter has said, "are a kind of bastard-socialism," [9] not conceived to help society, but forced upon it by powerful group interests. And it is amusing to see how not only socialists, but also bourgeois economists, mistake this "bastard-socialism" for an actual societal trend towards socialism.

E. C. Harwood, for instance, declares, "we seem to be in the process of exchanging our parasitical rich for a much more numerous group of parasitical poor." [10] He doesn't know that he still describes here the workings of the capitalist accumulation process, for, as Marx and Engels have pointed out, [11] in this process

"pauperism develops more rapidly than population and wealth. And it is here where it becomes evident, that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule, because it is incompetent to assure an existence to its slave within his slavery, because he cannot help letting him sink into such a state that it has to feed him, instead of being fed by him."

Under such conditions the bourgeoisie must try to increase the exploitation of the workers more than ever, and attempt to decrease still further the number of exploiters. All recent economic policies have attempted to fulfill both necessities. And all bourgeois economic theory has merely supported these actual policies, even though they have proposed quite different methods to achieve these results. These differences of procedure only correspond to actual differences of interest among the unequally situated bourgeoisie.

However, as none is willing to do away with the present exploitative relations, all such proposals are out to serve the needs of further capitalist accumulation, which presupposes the re-establishment of a sufficient profitability. How to exploit more workers and to raise the productivity of labor; how to reorganize society, or to influence economic procedures to this end, is at the basis of all economic thinking. As long as this is precluded practically, or possible only to an insufficient degree, economic discussion necessarily centers on the question of how the diminished surplus value shall be distributed among the non-workers in society to allow for the security of the present social arrangement. On the question of labor they are

[9] *The Framework of an Ordered Society*. Cambridge, 1933; p. 17.

[10] *Current Economic Delusions*. Cambridge, Mass. 1938; p. 64.

[11] *Communist Manifesto*; p. 29; Kerr Ed.

all agreed. Recently G. von Haberler correctly pointed out [12] that the real differences in opinion among the diverse economic schools and theoreticians

"have been frequently exaggerated, and that, for certain important questions, a much greater harmony between writers of different schools can be established than the superficial observer would believe, or even than these same writers would be willing to admit."

After a systematic analysis of the diverse theories of the business cycle, including purely monetary theories, over-investment, over-production, under-consumption, disproportional, psychological, and other theories, Haberler in his synthetic exposition as to the nature and the causes of the cycle comes to the conclusion that the proximate cause of the reduction in industrial output is the fact that expected prices do not cover production cost, a condition that finds its expression in a disappearance of the profit margin. "When we then," he says, "look for automatic expansionary impulses, we shall find them primarily in the shape of factors which directly stimulate producers' spending [investment]." [13] The question,

"as to whether a continued fall in the money wages under conditions of general employment is to be regarded as a factor which will bring a contraction to an end, must, if we carry the argument to its logical conclusion, be answered in the affirmative. Wages and prices must be allowed to fall if a rise in unemployment and a fall of output are to be prevented." [14]

But we don't have to accept Haberler's synthetic exposition on this question. Any bourgeois economist, whatever school he may stem from, and whatever methods he may offer, presents identical ideas. R. G. Hatrey is of the opinion that "the trade cycle is wholly due to monetary causes" and consequently believes that monetary control devices are sufficient to establish economic stability, and he will on the question of labor and prosperity also say that [15]

"if wages were reduced in proportion to the previous reduction of prices, and the disparity between wages and prices wholly eliminated, profits would become normal and industry would be fully employed again."

Again, Mr. Keynes made the discovery that "within a certain range the demand of labor is for a minimum money-wage and not for a minimum real wage;" that it is consequently easier to reduce the income of the workers by inflationary methods than by wage cutting in the old sense—that is under deflationary conditions. He declares that a crisis is caused chiefly by a decline of profitability of the enterprises, and that to overcome the crisis, profitability must be re-established by a decrease of the interest rate and by price inflation, as "in general, an increase in employment can only occur to the ac-

[12] *Prosperity and Depression*. Geneva, 1937; p. 2.

[13] *Ibid.*; p. 288.

[14] *Ibid.*; p. 299.

[15] *Trade Depression and the Way Out*. New York, 1933; p. 45.

companiment of a decline in the rate of real wages." [16] Fundamentally, the diverse theories towards a "new distribution of wealth" and "greater mass-purchasing" power do not differ from Mr. Keynes' proposals. Thus the more intense exploitation of the working class is the objective of all these economic theories

VI.

Capitalist economy has been dynamically progressive; its history is one of continual expansion. True, this process was periodically interrupted by depression periods, but they were even by the Marxists regarded as healing processes, as they provided the bases for further advances. Each new prosperity period over-reached the highest accomplishments of the previous upswing period. The period since 1929, however, is, in comparison with this previous history, a period of stagnation. Prosperity such as known before did not displace depression conditions; rather a spurt in business within the stagnant conditions was all the system was capable of. Depressions in the old sense also disappeared and the decline in business within the stagnant economy was not inappropriately called a recession. The pulse of capitalism beat slower. With the high state of monopolization already reached, the state interferences in the economy have undoubtedly tempered down the hysterical fluctuations of the business cycle. And at times it really seems that John Stuart Mill's gloomy picture of capitalism's future as one of stagnation is actually coming about. And just as this perspective made Mill a class collaborator, so in this ideological respect the present period of capitalist stagnation appears, to many, to sweat socialism from all its pores. Even the most conservative economists, who want to continue the capitalist accumulation process under the old and no longer possible conditions, want to do so in the interest of the workers. Dr. Moulton of the Brookings Institution not so long ago pointed out [17] that

"the existing wage rates prevent an expansion in production, and turn into a boomerang to labor by cutting down the real earnings of the workers. [Consequently] any one who maintains that existing wage rates should be retained is no friend of labor."

But Dr. Moulton, who wants to be a friend of labor, has difficulty in becoming one, as the Institution which he represents has also discovered that wage-cutting may defeat its own purposes through an accompanying decrease in workers' efficiency. [18] Wage cuts are

[16] *The General Theory of Employment Interest and Money*. London, 1936; p. 17.

[17] In the *Chicago Daily Tribune*, April 20, 1938.

[18] *The Recovery Problem in the United States*. Washington, 1936; p. 187.

no solution for capital unless all other factors for a new upswing are also at hand, guaranteeing sufficient profits to make an upswing materially possible. Wage cuts are no longer sufficient to provide the enormous capital necessary for a progressive accumulation; more and more of the elements making for a new upswing have already spent themselves without avail. Even if Mr. Keynes succeeds in eliminating the interest-taker entirely, his demand to this effect is rather pitiful, as capitalists have shown no desire to expand under the lowest possible rate of interest. To squeeze out the middle-classes and the weaker capitalistic groups becomes increasingly difficult, since it becomes more necessary for these classes to strike back and force into existence new political situations that prevent their abolition as a group or class under capitalistic conditions. The excesses in business financing as experienced in Germany, however successful for certain emergency situation, are by no means "a street without an end," as Dr. Schacht once remarked. But if investments are not made, the countries must attempt to avoid social upheavals. Therefore, questions of profitability have to be neglected in the very attempt to save the profit economy. To avoid the expropriation of capital, the capitalist society has to expropriate the capitalists to an always larger degree. The destruction of capital, hitherto left to the market, now proceeds in an organized fashion. Control of society has actually advanced to a stage where the destruction of capital is consciously undertaken by governmental measures. And some economists hail such a destruction of capital as the successful application of new principles of distribution. However, what can be distributed must first be produced by the workers; the further concentration of capital fostered by those governmental measures, can only accentuate the stagnation in economy; can only further diminish the income of the workers, who, in order to stave off rebellion, have to provide the means for maintaining an ever-growing non-productive population.

The continued capitalization process is possible only at the expense of consumption. Under capitalist conditions, consumption can increase only with a relatively more rapid capitalization. A better distribution of wealth, as proposed today by many bourgeois economists, presupposes better, or rather different, productive relations than those based on wage labor and capital. But because none of them is willing to propose such a change, their theories of distribution are simply illusions, illusions which may serve demagogic political purposes, but never the economic needs of today.

A growing number of bourgeois economists becoming actually disturbed by recent capitalistic policies, are beginning to investigate possibilities for the future. Pigou, the man who took Marshall's position in Orthodox economy, already thinks that a socialist economy of the Fabian brand is possible, at least theoretically. Many other economists have expressed themselves in a similar way. Even "Marxists" were able to discover a true socialistic kernel in the teachings of the Institutionalists, and a whole school of so-called "market-socialists" are acquiring importance in their endeavor to "make possible the achievement of that rare thing in history—a fundamental change in political control, or class relations, without a conflict." [19] However, this change of class relations still leaves intact the fundamental class relation of capitalist economy: wage labor and capital. For in all the proposals appearing under the name of "socialism," the proletarian class remains a proletarian class. The only thing that is changed, or made more efficient, is the control over the class. In all these theories exploitation is not to be abolished, nor left to the market fluctuations as before, but thoroughly organized. In this new planned exploitation it is the government and not anonymous and atomistic competition of sellers and buyers, that regulates cost and sales prices and margins.

"It does so in order to make certain lines of production expand and others contract according to public social economic plans. . . . The realization of a rational economy, though being a task and necessity in collective economy, will not depend and rely upon the automatic self-correction of the economic system which has been the main object of economic thought during the past, but will rely on the will, insight, and abilities of the few persons who are in dictatorial command of the whole of society. Thus, a decisive irrational, personal, and subjective element comes in." [20]

The quest for a "planned economy" based on the continuation of proletarian exploitation, only brings to light once again the utter inability of bourgeois economic thinking to find solutions for the many contradictions inherent in the capitalist mode of production. Their "socialism," the last word in bourgeois economic theory, is able only to rationalize the trend of bourgeois society towards the brutal political domination of those elements which have succeeded in retaining or acquiring mastery of the means of production. For them, and not for society, economy and economic thought still functions. What is "progressive" in capitalist economy progresses towards barbaric conditions; what is "progressive" in economic thought abandons economic theory in favor, no longer of an indirect, but of a direct support of whoever rules society. In this final attempt of bourgeois

[19] B. E. Lippincott. *Introduction: On the Theory of Socialism*. Minneapolis, 1938; p. 38.

[20] H. von Beckerath. *Economic Thought and Evolution*. The Philosophic Review. November, 1937; p. 595.

economic theory to deal with economy by trying to regulate consciously and in an organized manner forces that move unorganized and blindly in exactly the same direction, they have to put themselves in opposition to the real economic needs of society and thereby only supply an actual demonstration of the fact that the beginning of bourgeois economy was also—at the same time—its end. [21]

THE HISTORICAL CHARACTER OF THE WAR AND THE TASK OF THE WORKING CLASS

1. *This War Is a Fascist War, Accelerating the Fascization of the World.*

This war is a totally monopolistic war, monopolistic in its origins, its aims, its methods. It is a totalitarian war, inaugurated by totalitarian states—a fascist war. The interests of small monopolistic cliques are at stake; monopolistic tycoons are the commanders-in-chief. What with markets tied up by giant combinations, with every economic activity subjected to the monopolistic claim for totality, that is, for autocracy, omnipotence, unrestricted control; what with all degrees of subordination of capital to political rule; what with old trust magnates and new government magnates, finance capital coteries, and general staffs—this war has been started as a further step toward a redistribution of the world. National combines are fighting for their quotas in the international combines to come.

At the same time the war represents a further advance toward the fascization of the world. From September 1st the process within the great democracies of imitating and likening themselves to fascism gained momentum, just as on August 23rd the equation Hitler-Stalin lost its mystery even for those who had been most completely hoodwinked by ideologies. If this war should grow to wider dimensions than its predecessors and if, at the same time, it should not call forth a sweeping counter-movement, it would probably result in a **Worldwide Fascist Council**, and only its name would vary according to the defeat of the one or the other of the belligerent groups. There is no reasonable hope for the democratic alternative of that outcome; the League of Nations already ceased to exist before the war began.

[21] Continuing this article, the next issue of *LIVING MARXISM* will deal with the present-day fascist—and war economy, as well as with the social and economic problems of state-capitalism, and the tendencies toward state capitalism in the still “democratic” countries.

[1] Offered for discussion.

2. ***Anti-fascists, Opposed to the War, Have Nothing in Common with Belligerents.***

Our opposition to the war and the belligerent powers has never been more unequivocally necessary than at the present time when the struggle is so obviously waged on both sides in the interests of consolidated cliques, when the quartet of Munich had been complemented by the sequel of Moscow. The belligerents are either totalitarian states of serfdom or are on their way to becoming such. To us every one of the belligerent powers represents an enemy—an enemy in every aspect of his being.

3. ***Total Mobilization is Contradictory to Totally Monopolistic War.***

Equally unequivocal are the guiding principles of our complete opposition. This war, far from fulfilling the wish-dreams of some super-fascist ideologists, is by no means a total war, but only a totally monopolistic, a totalitarian war. Nevertheless, in its total mobilization of all productive forces, the war itself comprises certain tendencies that surpass the intentions of statesmen and defy the calculations of general-staffs. The more the monopolists are driven to carry through total mobilization under the ever sharper spurs of imperialistic competition, the more they are forced to convert their people into workers. The less they succeed in their peace-offensive, in their efforts to throttle belligerent action and to reach some intermediate solution, the more clearly appears out of the murk of imperialistic expansions the world-wide scope of the workers' tasks.

Behind the geo-politic and technocratic formulas of the monopolists, total mobilization reveals the objective conditions of the workers' world. Shock-troops, put to work in the "Stakanovic" manner in armament plants, break through the traditional rules of labor observed in capitalistic society. In the trenches death imposes upon men a degree of precision, adaptability, presence of mind, and spontaneity, that far exceeds the bureaucratic mechanism of general-staffs. If by "organic form of a working process" we understand that the spontaneous activity of workers prevails over the dead mechanism of working conditions, we may say that total mobilization must eventually result in those autonomous and organic forms of work. That means, at the same time, that the workers will rise above the monopolistic command "from without" and above the death spread by the machines of material warfare. This threat, inherent in a truly total mobilization, is the reason that the monopolists try to confine their war to the limits of monopolistic warfare, that they prefer localiza-

tion, throttling, and intermediate solutions. The destructive unchaining of the productive forces through war implies for the workers a chance of emancipation, and for the monopolists a threat of ruin.

From the very outset, there appear three possible solutions for the contradictions inherent in the present situation. Each of them implies a different extension of the war-process itself, and of the changes to be brought about by the war:

[a] The belligerents will succeed in throttling the Fascist war in order to avoid the dangers for the monopolists of its complete unleashing.

[b] The productive forces unleashed by total mobilization, and the will to power of the belligerent groups will prevail. From a localized war-of-siege, the war will grow into a Fascist World War.

[c] Total mobilization, once it has been seriously set into motion, and, in its further development, has threatened to burst the slavery of fascism, will ultimately frustrate the monopolistic war aims themselves. It will lead not to an imperialistic redistribution of the world but to the unity of the workers' world. If all peace-offensives of Hitler and all attempts at localization fail; if the available productive forces released overflow all barriers; if a really "total war" destroys all existing bourgeois order, the workers' order will immediately become the only possible order of the world. Instead of the ***World-wide Fascist Council*** which would have resulted from an all-embracing but monopolistic war, the workers mobilized in shock-troops will organize the ***World-Wide Congress of Workers' Councils***.

No matter how widely this war will spread, no matter what course it will take, whether an attempt at localization succeeds or not, whether the belligerents will be able to maintain their fascist character or not, whether the anti-fascist counter-forces inherent in total mobilization will break through their fetters or not—there can be no question but that, for the direction of our own activity, we must look in the direction of these counter-forces.

4. The World War, the Last Liberal War, Has Resulted in Fascism.

The typical features of the fascist war can best be understood by contrasting them with the World War. When the imperialists of 1914 started their democratic war, their "war for democracy," they were firmly established in a liberal world. The general-staffs started in Moltke-fashion to control liberal, atomistic mass armies in a bureaucratic manner just as in 1870-1871, and searched the

archives for the Schlieffen Plan and similar plans. But behind all the bureaucratic apparatus, behind an apparently progressive rationality, there worked a hidden automatic law, ruling by catastrophe like destiny itself. Monopolistic interests of capitalist cliques, still far from being politically regulated cartels and government-controlled trusts, pushed forward in boundless liberalism. Men's appetites were as boundless as the mobilized masses; the goals aspired to as immense as the mechanized battles of material warfare. However, when the conquerors sat down around the table at Versailles and attempted to construct a "Societe des Nations" by arbitrary dictation, when they proceeded to dictate democracy, peace, and if possible, security, the October Revolution had already snatched from their reach the real results of the war. As catastrophically as war had broken out, revolution broke in, and after Versailles and October there merged—ready for every task, fit for every purpose—history's latest hit, Fascism. The inefficient representative of Italy at the Conference at Versailles changed into Mussolini—Ebert into Hitler. In Russia, Lenin was followed by Stalin. A victory more completely and more unambiguously opposed to the intentions of the victors could hardly be imagined. The war for democracy had amounted to nothing.

5. The Shock-Troop Principle, Whose Logical Conclusion Is the Call for the Workers' Council, Is Distorted in Its Fascist Application.

The transition to the present war was accomplished by three important transformations. Just as the present war cannot be understood if its interpretation does not start from the well defined new epoch inaugurated by the World War of 1914-1918, so its proper significance cannot be grasped without a true appreciation of these transformations:

[1] The liberal democratic world war changed into the bolshevistic world revolution.

[2] The Versailles system of the League of Nations changed into the fascist system.

[3] The October Revolution—transformed into a national revolution—changed into the monopolistic model-revolution.

[1] The World War had been the culmination of a violent up-swing of material productive forces, compressed into, at most, two or three decades: Chemicalization of production [hegemony of the chemical industry], industrialization of agriculture, motorization of traffic [automobile roads], aviation, radio, sound-films, television.

In its character of world crisis, the world war represents the specific form of a structural crisis. The new productive forces are not compatible with the liberal system of a competitive capitalism nor can they be mastered by monopoly capitalism so long as the application of its forms is restricted and kept within the limits of a liberal system.

The victory of the new productive forces can be summed up under the name of the Second Industrial Revolution. From this Second Industrial Revolution, which burst forth with destructive violence in the mechanized battles of the world war, there emerged a new form of division of labor—the shock-troop. The emergence of the shock-troops during the second half of the war coincided with the transition from trench warfare, which had deadlocked the liberal war machines and their traditional procedures, to the "war in motion," based on new weapons and new forms of action. Modern material warfare develops a peculiar materialism in contrast to the formalism of liberal mass-battles. The tirailleur-tactics of skirmishing infantry, which had been developed since 1789, and the mass-armies, which had been controlled in a bureaucratic manner by the general-staffs, were increasingly replaced by that new and more highly qualified type of fighter which had been molded by the objective conditions of machine battles in the latter part of the World War. This type of fighter is compelled to develop a spontaneity that defies bureaucratic calculation. The abstract and "equalitarian" system of compulsory service is gradually replaced by the first steps of total mobilization.

This new and up-to-now unsurpassed principle engendered the original and long-forgotten contents of the world-revolutionary movement inaugurated by the revolution of October and openly proclaimed in the slogan "All Power to the Soviets." It finally declared that the worker is the exclusive form of social existence. The greatness of Lenin is shown in his attempt to apply, in a utopian manner, this new principle of action to a country just on the point of liquidating illiteracy and in his dream to abolish the rule of bureaucracy at the same time that a general-staff of professional revolutionaries was in fact building up a totally monopolistic state-bureaucracy on a national scale. This principle proclaimed by the October Revolution reached the ears of all workers and alarmed the whole bourgeois world because, along with the democratic liberal war aims, it jeopardized the whole system of capitalist rule. In the contrast between the German Spartacus Councils and the old "General Commission" of the German Labor Unions, constructed according to Moltke's pattern,

there appears the social consequence of a contrast already foreshadowed in the conflict between the shock-troops and the liberal methods of the general-staffs.

[2] In the system of the League of Nations established at Versailles the victors tried to cling to the liberal-democratic starting point of their World War. They tried to apply the principle of democracy to international affairs and took care to isolate this system by a cordon sanitaire from the threat of bolshevism. They proceeded with an admirable lack of insight and experienced uncommon misfortune. They willed peace and got Manchuria, Ethiopia, Spain, China, and Poland. They wanted disarmament and unleashed a race of armaments. They willed Parliamentarianism and got castor oil, Gestapo, GPU. They wanted self-determination of nationalities and the outcome was Munich 1938 and Moscow 1939. They succeeded in nothing. Up to now they have utterly failed in everything.

It could not have been otherwise. The tasks set by the Second Industrial Revolution could not be mastered on the level of liberalism. These tasks bore a revolutionary character. And revolutions are not called forth unless imminent danger threatens. The superiority of the fascists over the liberals is based on the fact that they proceed from the specific results of the Second Industrial Revolution, both positively by using them as a new starting point, and negatively by curtailing their dangerous implications. They reduce the shock-troops to the form of an order, whose members are drilled in all existing kinds of arms and sports. They transform total mobilization into a totalitarian state. They preserve wage-slavery, chaining capital and wage-labor together by the handcuffs of their total state power. They reduce the world-wide scope of the proletarian world revolution to the level of ultra-imperialism. They monopolize the microphone, the unlimited application of which ultimately obviates political coercion. They control the market through political cartels, the labor-market through nationalized unions. They set up state-corporations. The antibolsheviks adopt the doctrines of bolshevism and restrict them to the level dictated by the requirements of monopolistic control.

[3] Dissipating the world-revolutionary action of the workers into a series of national revolutions and counter-revolutions was a preliminary historical condition of fascism. Thus at the same time the character of the October Revolution was fundamentally changed. From being the hidden archetype of fascism—its closest enemy—the Russian revolution was transformed into a monopolistic model.

revolution. With the Russian state's inauguration of the "New Economic Policy," the utopia of direct organization of the Workers' World was finally abandoned for political economy, i. e., the maintenance of capital and wage-labor, class rule and exploitation. The Hitler-Stalin pact represents the logical conclusion of the liquidation of the proletarian, world-revolutionary contents of the October Revolution—the liquidation of the Comintern.

6. From the World War to the Present War.

The present war is not comparable to the World War in any of its aspects. It takes place on a fundamentally changed basis. To grasp its peculiar character we must regard the series of specific modern wars in which it is placed—the Manchurian, Ethiopian, Spanish, and Chinese wars. Up to now, it is the most advanced, most distinct, and most unambiguous war of this newly developed type.

None of these wars has displayed at its outbreak the cataclysm of July and August, 1914. In these wars there has been a gradual transition. In each case the belligerent action has been more or less prepared in advance on a material, military, and propagandistic plan. Methodically it has been directed to a definite aim. In few of these wars has there been a formal declaration of war. The judicial fiction of an "incident" has been maintained and the very term "war" avoided. Intervention has been called non-intervention. Thus Russia's invasion of Poland, her participation in its occupation and annexation, has been termed neutrality, and this label accepted by the other belligerents. As far as possible military action has been localized to a small and distinctly delimited area. At the same time the diplomatic war has proceeded in high gear. Economic warfare, sanctions and blockades, as well as the war of propaganda, have tended to spread rapidly. If by the term "monopolistic war-of-siege" we understand localized military action and generalization of commercial warfare, this term adequately describes the present first stage of the German-English-French war. Between Luxembourg and Switzerland, on the smallest possible front, entrenched behind the Siegfried and Maginot lines, there is being staged a demonstration of artillery combat with a comparatively small expenditure of ammunition. At the same time every effort is being concentrated on blockade and counter-blockade, on control of commerce, on a war of mines and submarines, supplemented by a war of leaflets and radio, of propaganda, of diplomatic intrigues aimed at soliciting trade-agreements, securing trade-routes for themselves and barring them to others. Thus the economic war has already grown into a world war whereas the military war has not yet started.

The gradual, not sharply defined transition from a so-called peace to a not-so-called war indicates, in contrast to 1914, a further stage in the process of transition to a new era. This process has been going on from 1914 to the present day—a period characterized by the replacement of liberal democratic concepts by bolshevistic, fascistic, and antifascistic concepts. An indication of the difference between then and now was August 4th, 1914, which saw the collapse of the Second International, or more precisely, of the abstract illusions of internationalism attached to it. That collapse had appeared as a major catastrophe to all the people participating in it. The world of Kautsky, Bernstein, Jules Guesde, Jaurès, Martov, and of the pre-war Lenin, had gone to pieces. Nobody experiences today, as Rosa Luxemburg and Lenin did in 1914, a breakdown of his whole previous conception of the labor movement. There was no August 4th at the start of the present war. All the consequences of that single historical event have been fully worked out, in the meantime, by the monopolists of workers' organizations, by the apparatuses of the labor unions, the Parliamentary groups, and the entire bureaucratic machinery of a totalitarian state [Russia].

Today there is no International—no Second International, no Third International. There will never be a Fourth International. There never was a 4th of August of the Comintern, just as there has never been an unmistakable Ninth of Thermidor of the Russian Revolution. Instead of the impressive drama in which Robespierre, St. Just, Danton and Bonaparte acted their parts, we were shown a horrible performance of disgusting stage-trials produced by the agents of the GPU.

The monopolistic revolution and its archetype, the national Russian revolution, differ from the liberal one in that the monopolistic party, its acting agent and its most characteristic outcome, produced the monopolistic unity of Jacobinism, Thermidorism, and Bonapartism. It wiped out not only the liberal division—the executive, legislative and judiciary powers—but also the participation of several parties competing in furthering political progress. Stalin not only possesses all power, but his name stands for every event from October to the division of Poland. Trotsky, whose name has been crossed out of all bolshevist history books, searches in vain for the 9th Thermidor and shifts it at least once every year to some other date. Nor does he succeed any better in his search for August 4th of the Comintern.

We can characterize the period that began with the World War and the 4th of August of the old labor movement as follows:

The World War produced the beginnings of total mobilization. Total mobilization called forth monopolistic revolutions. The monopolistic revolutions transformed total mobilization into totalitarian states.

Each stage of the period from 1914 until today can be characterized more precisely a further step in this historical development.

1913-1917: The specific World War crisis of the liberal system of competition.

1917-1921: The specific bolshevistic period of civil war, the results of which are the USSR and the Versailles System.

1921-1925: The first post-war crisis overcome by the Fascist counter-revolution. Transition to NEP. Transition from inflation to deflation.

1925-1929: Prosperity of the League of Nations; Dawes, Young; Bukharin-Stalin anti-Trotskyite Neonep—"Enrich Yourselves!"

1929-1932: Second post-war crisis. Fighting period of the National Socialist Party. "Second Period." Liquidation of the Neonep by the landslide of the Collectivisation.

1932-1939: Culmination of the National-Socialist revolution. Specific period of the monopolistic wars.

With the Manchurian war in 1932 there was inaugurated—on the basis of the now fully-developed monopolistic conditions—that more comprehensive military process of which the English-French-German war represents only the last phase.

Since September 1st a new stage in this process has been reached. The totalitarian war has assumed a universal character. In this war, inasmuch as it is a trade war, there have been no neutral states from the outset [cf., repeal of the arms embargo by the U. S.; total trade control by England; impossibility of the small nations maintaining neutrality].

From another angle, the historical development since the World War can be summed up as follows:

1913-1921: *The World War* changed into the world revolution. The world revolution in its first phase was wholly bolshevistic. The final social consequences of total mobilization appeared, in a Utopian form, on the horizon.

The disintegration into a series of monopolistic revolutions of the bolshevist world revolution was completed in three phases:

1921-1925: Culmination of the first post-war crisis. Italian Fascism.

1925-1929: Post-war prosperity; Chinese Fascism [Chiang Kai Shek].

1929-1932: Second post-war crisis; German Fascism.

These phases are at the same time phases in the formation of the monopolistic character of the national Russian Revolution.

1932-1939: The series of monopolistic revolutions turns into a series of monopolistic wars.

The present war completes this series of monopolistic wars. It replaces economic warfare-without-war, or with only partial war, with universal economic warfare and extinction of the regular world trade. If the fascist state can be described as a fully matured and completely self-realized capitalistic state, the perfect state of wage-

slavery, and the capitalistic system raised to the form of a State, then the fascist war can be described as a fully matured and completely capitalistic war. The revolutionary process has turned fascist in the monopolistic revolution, and to the proletariat appears as an anti-proletarian counter-revolution. At the same time the slogan of world revolution has been turned into an ultra-imperialistic slogan. Lenin's prognosis that in 1914 the world was entering into a period of wars and revolutions has proved to be true, but its results have turned out to be exactly contrary to expectations. If we want to apply the term "world revolution" in a definite sense, we have to say that we find ourselves today in the midst of a fascist world revolution. There exist today few remains of the bolshevistic action toward world revolution which could serve as a basis for new revolutionary action.

7. Further Growth of the Contrast Between Principles of the Workers' Order and the Monopolistic Rule of the World Produced by the War.

The present war, though localized, is essentially a world war in its opening phase as a monopolistic war-of-siege. There seem to be only three belligerents in the midst of a neutral world, but there is really no neutrality. The more England succeeds in disturbing the world market, the more striking will appear the world-wide unity of the World of Labor.

It is true that there was a continuous transition from the so-called peace to the not-so-called war, but this whole process proceeded by necessity from 1914. On both sides the outbreak of the war resulted from a miscalculation. Chamberlain did not anticipate that Stalin would really march with Hitler. Ribbentrop did not anticipate that this time Chamberlain would really make war. From the outset, irrationality interrupted the rational continuity of the monopolistically-controlled course of events. Admittedly the war had been planned and prepared on both sides more methodically than ever before. But that very planning may assume a catastrophic character. The more the destruction of the world of trade makes way for unity in the world of productive labor, and the nearer the final catastrophic efforts at planning approximate the cataclysmic result not reached between 1913 and 1921, the more distinctly apparent will be the fact that a world-wide planning that holds in check all violent collapse has not yet been devised.

It is true that this war is only another phase of the war-like process started in 1932, but all characteristics of the epoch that began in 1914 are called into play by total mobilization. From the Far East,

over Africa, Spain, and into the heart of the old European continent, the monopolistic war has fully outfitted its arsenal. All positions are now clearly defined. Nowhere today will a Saul be caught napping and be obliged to convert himself into a Paul. And there will be no 4th of August. At the same time, in the background, from Verdun and Versailles, and the red October; from Tokio via Mukden, Hong-Kong, Addis Ababa, Madrid, Barcelona to London, Paris, Berlin, Moscow, returning to the Far East, and incidentally nullifying the neutrality of the American continent—total mobilization has come to contradict the total states and the totalitarian war, which has been started by them. It contradicts the whole monopolistic system of the world. Bolshevism, that set out to organize a Workers' World, has been transformed into a mere cog in the monopolistic world system, yet all the elements of a wholesale anti-fascism have been set into motion by total mobilization. While the old vocabulary rots in the mouths of the Muenzenbergs, Rauschnings, and Schwarzschilds, the youngsters have the new grammar on the tips of their tongues. All Jacobinism today is fascism. Terrorism has come to be the monopoly of the Gestapo, of the GPU, of the Intelligence Service. But the youngsters—the Komsomol, the Balila, etc.—no longer cherish the ambition of becoming good Jacobins and terrorists. "World Revolution" has become an ultra-imperialistic slogan, but the new phase into which the monopolistic war has entered presents an advanced stage in the contrast between the principles of the new workers' order and the old monopolistic system of the world.

8. Implications for Working Class Action.

If we examine the general aspect of the present war and its inherent tendency, we get a clear idea of how those who remember the World War and the World Revolution of the past regard today's events. Today there is no new Zimmerwald movement [2] that has to deal with a new Fourth of August of a third "International." August 4th, 1914, was indeed far more than the mere breakdown of a No. 2 International. Today the abstract "Internationalism" of the old workers' movement as well as the liberal "self-determination of nationalities" are things of the past. When the world revolutionary action of 1917 to 1921 was dispersed into a series of monopolistic revolutions, the Comintern, which was originally intended to be the instrument of that world revolution, was transformed into a monopolistic instrument, controlled by the bureaucratic power of a totalitarian state.

[2] The international conference at Zimmerwald served to rally the forces of the new revolutionary movement which emerged from the August 4th, 1914, breakdown of the Socialist International.

The more distinctly the new principles of the workers' order contrast with the existing monopolistic system of the world, the more the slogan of the World Revolution itself is transformed into an ultra-imperialistic slogan, i. e., the enemy's slogan. The movement towards a "World Revolution" was the last aim which, in spite of an apparent and transitory opposition, the working class and the bourgeoisie had held in common. Insofar as our action still has any political character, it will be negative action that results in smashing the state apparatus. Insofar as it is a *revolution*, it will be a revolution *against* the fascist "World Revolution."

The fascist counter-revolutions have revolutionized the October revolution. Stalin demonstrably benefitted by every one of those counter-revolutions. The internal policies of Russia were the logical conclusion of the international counter-revolution. The more distinctly our anti-fascist action develops its own anti-terroristic and anti-Jacobinistic character, the more superior it will be to the fascist revolution.

The catastrophe of August 4th and the succeeding events have given abundant proof that there is at present no independent action of the working class, as far as it still moves in the wornout formations of its old activities. They have also shown the reasons for the total eclipse of the labor movement's traditional forms. "Marxism" is dead. Parties are dead. It is comforting that nobody wants to talk any longer about the "People's Front."

We point today to the contradiction which inevitably arises between total mobilization—anti-fascist in its consequences—and the "total monopolism" represented by the existing system. We are aware that the totalitarian systems, formed during the period since 1914, are but monopolistic restrictions on the first attempts at total mobilization, called forth by the necessities of war, of the productive forces. By comparing the either ruined or fascized old party and trade union movement with the wholesale anti-fascism of the younger generation we rediscover, in a surprising manner, the original contents of bolshevistic action from 1917 to 1921. In the contrast between the world-wide extent of the tasks of labor and the monopolistic, restricting tendencies illustrated by the present war lies the hidden meaning of the World War and the era inaugurated by it.

9. Three Possible Events.

At the beginning we contrasted three possible solutions for the contradictions inherent in the war:

[1] **Fascist localized war-of-siege**—England will be able to continue the war-of-siege only if hunger will eventually lead to a breakdown of the Hitler system. As long as the USSR and Italy remain neutral and consequently lend Germany a certain amount of support it seems improbable that a blockade will result in a collapse, for the three following reasons:

[a] Under the conditions of a continued war-of-siege the shortage of iron, oil, rubber and copper will not result in a major military disaster since no huge material battles will be fought anyway. Nor is it probable that the one remaining vulnerable factor of German supplies, the shortage of fats, will prove disastrous by itself—the less so because there exist certain possibilities for limited imports that may be realized in time.

[b] The fascist apparatus is a specific apparatus of terror and is equipped with entirely different strong-arm measures from those of the past, e. g., those of the Hohenzollern regime. It possesses an incomparably more tenacious will for self-preservation against internal enemies pressing from behind, and it has never for a moment hesitated to use to the full its concentrated implements of coercion.

[c] The emerging new forces have as yet hardly formed ranks, and the pre-fascist remnants of the confused, paralyzed, and crippled forms of the labor movement do not present a serious starting point for new activity.

Even assuming that the war-of-siege would eventually result in the collapse of the Hitler regime, this would not offer any greater revolutionary possibilities. Nationalism today is only a different expression of conflicting imperialistic ends. So-called National Liberations will serve only a particular imperialistic aim. They will moreover be of an entirely fascistic nature. The Poles and Czechs suffer most from the Gestapo terror, but their liberation from fascism can no longer be brought about on a national scale. They serve as buffers against fascism in a fight that goes far beyond all national problems and cannot be settled on a national basis by any means whatever.

Taken as a whole, the localized war-of-siege, whether it leads to a collapse of the Hitler regime or to a compromise, appears in its first and immediate effects as a further step towards a world-wide fascization. Any anti-fascist counter-movement will have to start by destroying these narrow bounds.

[2] **Fascist General World War**—The issue of the war will be decided by the entrance of new powers into the war. Essentially

there are three sets of future developments that will turn the scale: the Balkans, the Near East [e. g., the Arab question and the further development of the Turkish policy], and the Far East.

In case the present localized Facist war should extend into an equally fascist world war the first and immediate result would be the establishment, under a suitable name, of what actually would be a world-wide fascist council. The movement thus begun could hardly stop at the "United States of Europe." It would amount to the establishment of a monopolistic world system. The quotas assigned to each participant would be settled by the outcome of the military and economic warfare.

[3] **Total War**—The incomparably greater and more comprehensive anti-fascist consequences of an unrestricted release of the existing productive forces, unchained by total mobilization, cannot be discussed until the preliminary conditions of their occurrence are actually presented.

10. How Great Is the Precision in the Work of Soldiers! How Great Is the Confusion Resulting From the Exertions of Statesmen!

Thus it appears that the specific task of the anti-fascist in this war is to oppose the fascist world revolution, which tends to bring about the ultra-imperialistic, international cartel. He opposes every attempt at an imperialistic redistribution of the world by proclaiming the unity of the workers' world. He is opposed to the very existence of all those class, private, and clique interests that are rallied in monopolistic concentration behind imperialistic war aims. He develops the forms, the means, and the contents of the struggle against the total state-machine out of the objective conditions of total mobilization. He will in due time oppose the coming Fascist Council by convening the Revolutionary Workers' Councils of the World. He stands opposed to monopolistic management and to all kinds of hierarchies.

The task of the anti-fascist is essentially a worker's task, political only at its margin. His action, even when apparently terroristic and propagandistic, is essentially anti-terroristic and anti-propagandistic. As to method, he proceeds in the manner peculiar to the work of all shock-troops. A shock-troop is, for instance, invariably equipped with appropriate material implements, its members invariably skilled in a particular kind of work. The principles of organization of a particular shock-troop follow the particular instrument used, for in-

stance, an airplane, a transmitter. The physical conditions of the job determine the kind, the size, the composition and the structure of every shock-troop. They will be compelled to act without leaders. They must function as their own general-staff. And if in a certain phase of their fight they should single out a special "general-staff," this will be an anti-general-staff, itself presenting the character of a shock-troop.

How great is the precision in the work of soldiers! How great is the confusion resulting from the exertions of statesmen!

The statesmen wage this war.

The war produces new totalitarian states of complete wage-slavery. The state-magnates, the diplomats, the political leaders drive us into a monopolistic world system in which, because of its faulty construction, the workers have no share. The task of the worker has outgrown the control of businessmen and politicians.

Alpha.

ANTWERP, OCTOBER, 1939



BOOK REVIEWS

Death Is Not Enough. Essays in active Negation. By Michael Fraenkel. C. W. Daniel Comp. London 1939. [170 pp.; 7'6].

For Fraenkel, as for many of us, this period is one of disintegration and death. For us, however, it is a revolutionary process in which the existing society decays and the beginnings of a new one are not yet apparent enough to give courage to those who are likely to fight for a better life. Consequently, despair is everywhere visible; the revolution seems no less like death than the counter-revolution is deathly. Nor is the bourgeois individualistic mind a happy one. Its anarchistic, aristocratic ideals are destroyed by its practical activities and its increasingly collectivistic exploitation methods. To remain "intelligent" means to remove oneself from reality and live like the insane in a world of pure imagination. To maintain an individualistic position today means to be opposed to the present and to the morrow. The escape into a world of words and dreams is here the alternative to sui-

cide. Fraenkel searches for a new mental level on which to escape the consequences of the decay of this society. He excuses his continued existence with the attempt to realize death as an integral part of life, which must be faced and accepted in order to get a new vision of life. However, words fail him in his attempt to make clear to his readers what he actually wants to say. His essays remain a mere play with the concept death, a word used often enough to mar his style in places. Nothing can be learned from this book save the author's capacity to form good sentences. His analysis of the mental state of present-day society is often sharp and revealing, but his suggestions are only incomprehensible subjective moods representing a sort of non-commercial mysticism. His book shows the often brilliant emptiness of consistent individualistic thinking despite the social determination of man. M.

The Marxist Philosophy and the Sciences. By J. B. S. Haldane.

[Random House, New York, 1939. x & 214 pp.; \$2.00.]

At first reading this book seems to be just another illustration of the strange fate which so often befalls a formerly revolutionary theory when it has turned from a relentlessly persecuted heresy into the accepted creed of a ruling group or the canonized ideology of a powerful church or state.

Mr. Haldane confesses frankly that when he published this book in 1939 he had been a Marxist only "for about a year." He compares the part played by the Marxist and Leninist philosophy in Russia today with that of the scholastic philosophy of St. Thomas Aquinas which is "still active in guiding the activity of the Roman Catholic Church." He formally revokes the sins of his past wherein he had formulated an "idealistic principle of relativity." In his fifth chapter [Psychology] where he propounds his theory of the nature of mind, he carefully points out in advance that these are his own speculations and "in no sense part of Marxism." Thus he trusts that the statements and doubts contained in that "excrescence of an otherwise useful book" will not be held against his Leninist orthodoxy, though they are "based on scientific advances made during the last thirty years" and at the same time, in his opinion, suggest fairly well "the kind of hypotheses which a Marxist might reasonably investigate." He even tries to redeem his father, the late Professor J. S. Haldane, from the sin and damnation of a non-materialistic creed by pointing out that one of the books written by that eminent scholar "was recommended by a Moscow radio commentator as a very good introduction to dialectical materialism, although far from being Marxist."

Careful study, however, leads to the conclusion that this Marxist confession of a newly converted bourgeois scientist, in spite of its highly ideological and indeed almost reverent character, represents an entirely new and highly interesting phase in the development of Marxist thought. One may explain it as being merely an expression of the so-called People's Front tactics which had been adopted, temporarily and for a definite political purpose, by the headquarters of

the Communist Party. Yet there remains the fact that this enthusiastic and even fanatical English adherent of the Communist faith displays a degree of "freedom of thought" which until recently seemed to be quite impossible within the party-controlled literature. Such freedom is already evidenced by the fact that he does not begin his book with the usual bow to the "great and beloved leader, Stalin." That reticence does not indicate, as an innocent observer might believe, a revolution towards democracy within the development of present day Communism. Rather it reveals a growing disintegration within the national ranks of the so-called "international" Communist Party. Nevertheless it can be regarded as a sign of the weakening grip of the Muscovite usurpers of the true Marxian theory and, in that sense, as a comparative gain in intellectual freedom.

Haldane shows that newly attained "freedom" furthermore by a distinct tendency towards all sorts of theoretical heresies. He flirts with the "admirably dialectical" philosophy of Bishop Berkeley—that archetype for every faithful reader of Lenin's book on "Materialism and Empirio-Criticism" of non-materialistic and reactionary obscurantism in bourgeois philosophy. He equally extols Hume, the forefather of Machism and all modern scientific positivism. He openly admires Bergson, Whitehead, Eddington. He even discovers a "serious affinity with the Marxist" in the academic English philosopher Alexander, who "tries to trace the evolution of being from space-time through matter to life and mind, and beyond mind to a hitherto non-existent quality" which he calls "deity."

It is here, by the way, that we can get the deepest insight into the hidden cause of the attraction which a misunderstood and quasi-religious "Marxism" holds today for people like J. B. S. Haldane. For Marxists, he says, just as for Alexander, the mind is still evolving, and still very imperfect. "It has risen from the mud, not fallen from heaven, and it is destined to rise still further" [emphasis

by K. K.]. Such a philosophy "enables Marxists to carry on through defeat, terror, and persecution." "Although it offers no future life for the individual, the belief in better future lives for the human race does give to many Marxists the same energy and confidence that the hope of personal immortality gave to the early Christians." Now we know why Chamberlain and Halifax and other bourgeois politicians in distress tried to get even Stalin's red army as an ally for the redemption of the dividends of the democratic branch of the international capitalist class against the Hitlerian threat of "defeat, terror, and persecution."

Notwithstanding this apparent absence of an unscientific bias, Mr. Haldane's discussion of the relations between Marxism and the scientific problems of our time is not scientific. He criticizes those Russian writers who attempted "to apply dialectical materialism to every kind of activity from portrait painting to fishing" and to embellish their bad scientific papers with "irrelevant quotations from Marx, Engels, Lenin." But in practice, he contents himself in most cases to treat the recent discoveries of the various sciences as so many "examples" of the pet categories of the old dialectic philosophy. This quasi-scientific procedure which, to a certain extent, is typical of all Marxian excursions into the field of the natural sciences [including the philosophical writings of such eminent scholars as Engels, Plekhanov and Lenin] differs from the old idealistic method of Hegel only by a changed metaphysical principle, not by a final dismissal of all metaphysical claims. While Hegel starts from the metaphysical assumption that the world is a mere exemplification of the logical categories, Feuerbach, Engels, Lenin, and Mr. Haldane start from the partly opposite but equally metaphysical assumption that the logical categories "were exemplified in nature before they governed thought."

This underlying metaphysicism of Haldane's scientific attitude is not refuted but rather is confirmed by his report on a controversy concerning a certain biological theory which had been suggested to him by his colleague, Professor R. A. Fisher. He emphatically repudiated that theory, in spite of its "beautifully dialectical"

character, because it appeared to him to "run counter to certain observable facts." We cannot resist the temptation to quote in full the concluding phrases of this report in which the author modestly congratulates himself on that truly scientific achievement:

"I mention this controversy in view of the widely held theory that acceptance of Marxism is an emotional cataclysm which completely ruins one's judgment. If only Fisher were a Marxist and I were not, this theory might perhaps be applicable in the case in question. As a Marxist, I hope that Fisher's general argument may have a wider validity than at present appears likely to me" [p. 137].

We cannot refer here in detail to the many cases in which Mr. Haldane toys, as it were, with the other "beautiful examples" offered for the intricate dialectical concepts of "negation" and "negation of negation" on the fields of modern mathematics, cosmology, quantum mechanics, etc.; nor can we quote the numerous other passages where he strives to prove that the most important discoveries of modern science, in one way or another, had been anticipated by Engels more than fifty years ago. There seems little hope that he will thereby succeed in convincing those "scientific workers and students" to whom his book is primarily addressed, that "Marxism" as here expounded "will prove valuable to them in their scientific work" as it has to him in his own. More likely the scientists will go on to say that Marxism, in spite of its admirable power of prediction in the field of socio-economic developments, has so far not delivered the goods which have been so often and so loudly advertised by the "dialectical materialists" in the field of the natural sciences.

Even less satisfactory is Mr. Haldane's achievement from the point of view of that "somewhat wider audience" to which the book is also addressed. The interested layman will find some valuable information on recent problems and discoveries, e. g., on the growing influence of industrial practice on the very methods applied in so-called "pure" mathematics [50-57]; on the various successive phases of Milne's theory of cosmological relativity [64-78]; on the recent developments of the theories of heredity

and mutation [119ff]; and on the relationship between mind and brain [162ff]. The chief objection from the layman's point of view against these and many other sections of the book is their lack of adequate popularization. Haldane often conveys his information on a complicated subject in a highly technical and fragmentary manner. Thus the book is fully comprehensible only to the expert scientist, who perhaps does not need it at all.

An even more fatal objection arises from the already mentioned fact that the book as written does not really break with that traditional orthodoxy which has handicapped the development of Marxism almost from the beginning and most certainly since its formal reception and canonization by the Russian Marxists. Paradoxically, there is no necessary link between an orthodox method and the definite and invariable contents of a theory. From a historical viewpoint we might rather say that every "orthodoxy," and most certainly the orthodoxy of a political creed, is bound to vary its contents according to the varying conditions and the changing aims of the growing political movement. This was shown many years ago by the development of the foremost "orthodox" Marxists in Germany and Austria, and, in a later period, by the many rapid changes of the "orthodox" Bolshevik theory before, during, and after the revolution of 1917. In some extreme cases, classically represented by the latest phase of the "orthodox" Marxist theory of the German socialist, Karl Kautsky, and by every phase of the development of the political theory of Soviet-Marxism after the death of Lenin, the deviations from the original contents of a revolutionary theory become so numerous and obvious that its faithful adherents need a tremendous amount of what they now begin to call "dialectics" to

reconcile "ideas" with facts or a "revolutionary" theory with counter-revolutionary practice. Thus the creed of the German socialists, which had been for half a century a revolutionary theory of the working class, was ultimately transformed into a quasi-socialist theory for the benefit of the bourgeoisie. Thus again, and in a much shorter interval, the "international" Bolshevism of Stalin was merged into a mere Russian counterpart of the national socialism of Hitler.

History repeats itself, and while the first phase of the historical drama is often a major tragedy, its last phase invariably takes on the style of a farce. We concede that historical significance to the performance of Mr. Haldane who after his conversion to Marxism in 1938 started out, in 1939, to renew the task that had been accomplished in the field of philosophy by Engels fifty years ago and by Lenin in 1908. He certainly does not shrink from the self-appointed task of demonstrating to his readers "the kind of speculations into which Marxism leads a scientist." He does not stick to the comparative rigidity of the old Marxist philosophy, but displays to the full the increased amount of elasticity attained by the Marxist creed today. Whilst Lenin fought an otherwise quite harmless philosophy of his time [Machism], because of its possible obscurantist implications, Haldane, after thirty years of further scientific development, offers a thinly disguised defense of an unmistakably obscurantist creed because of an alleged analogy between the mind-reader's aim of abolishing the "privacy of mental images" and the socialist's aim of abolishing private property. "I do not see," states Haldane on page 169, "why a dialectical materialist should reject a priori the possibility of such alleged phenomena as telepathy and clairvoyance."

K. K.

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LEON TROTSKY

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LONG LIVE THE WAR!

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No. 2

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P. O. Box 5343

Chicago, Illinois

This magazine consciously opposes all forms of sectarianism. The sectarian confuses the interest of his group, whether it is a party or a union, with the interest of the class. It is our purpose to discover the actual proletarian tendencies in their backward organizational and theoretical forms; to effect a discussion of them beyond the boundaries of their organizations and the current dogmatics; to facilitate their fusion into unified action; and thus to help them achieve real significance.

LEON TROTSKY

With Leon Trotsky there passed away the last of the great leaders of bolshevism. It was his activity during the last fifteen years that kept alive some of the original content of the bolshevik ideology — the great weapon for transforming backward Russia into its present state-capitalistic form.

As all men are wiser in practice than in theory, so also Trotsky by his accomplishments achieves far greater importance than through his rationalizations that accompanied them. Next to Lenin, he was without doubt the greatest figure of the Russian Revolution. However, the need for leaders like Lenin and Trotsky, and the effect these leaders had, brings to light the utter helplessness of the proletarian masses to solve their own real needs in face of a merciless unripe historical situation.

The masses had to be led; but the leaders could lead only in accordance with their own necessities. The need for leadership of the kind practiced by bolshevism finally indicates nothing else than the need to discipline and terrorize the masses, so that they may work and live in harmony with the plans of the ruling social group. This kind of leadership in itself demonstrates the existence of class relations, class politics and economics, and an irreconcilable opposition between the leaders and the led. The over-towering personality of Leon Trotsky reveals the non-proletarian character of the Bolshevik Revolution just as well as the mummified and deified Lenin in the Moscow Mausoleum.

In order that some may lead, others must be powerless. To be the vanguard of the workers, the elite has to usurp all social key positions.

Like the bourgeoisie of old, the new leaders had to seize and control all means of production and destruction. To hold their control and keep it effective, the leaders must constantly strengthen themselves by bureaucratic expansion, and continually divide the ruled. Only masters can be leaders.

Trotsky was such a master. At first he was the masterly propagandist, the great and never tiring orator, establishing his leading position in the revolution. Then he became the creator and master of the Red Army, fighting against the *Right* and the *Left*, fighting for bolshevism, which he hoped to master too. But here he failed. When leaders make history, those who are led no longer count; but neither do they disappear. Trusting in the force of grand historical spectacles, Trotsky neglected to be the efficient opportunist behind the scenes of bureaucratic development that he was in the spotlight of world history.

Today, great men are no longer necessary. Modern propaganda instruments can transform any fraud into a hero, any mediocre personality into an all-comprehending genius. Propaganda actually transforms through its collective efforts any average, if not stupid, leader, like Hitler and Stalin, into a great man. The leaders become symbols of an organized, collective, and really intelligent will to maintain given social institutions. Outside of Russia, Trotsky was soon reduced to the master of a small sect of professional revolutionists and their providers. He was "the Old Man", the indisputable authority of an artificial growth upon the political scene, destined to end in absurdity. To become the master of a *Fourth International*, as his adversary Stalin was master of the *Third*, remained the illusion with which he died.

There is here no need to re-trace Trotsky's individual development; his autobiography suffices. Neither is it necessary to stress his many qualifications, literary and otherwise. His works, and most of all his *History of the Russian Revolution*, will immortalize his name as a writer and politician. But there is a real need to oppose the development of the Trotsky legend which will make out of this leader of the Russian state capitalist revolution a martyr of the international working class — a legend which must be rejected together with all other postulates and aspects of bolshevism.

Louis Ferdinand Celine has said that revolutions should be judged twenty years later. And in doing so, he found only words of condemnation for bolshevism. To us, however, it seems that a present-day re-evaluation of bolshevism could well do without any kind of moralizing. In retrospect it is quite easy to see in bolshevism the beginning of a new phase of capitalist development, which was initiated by the first World War. No doubt, in 1917, Russia was the weakest link in the capitalist world structure. But the whole of capitalism in its private property form was already on the verge of stagnation. To erect and expand a workable economic system of the laissez-faire type was no longer possible. Only the force of complete centralism, of dictatorial rule over the whole of society, could guarantee the establishment of an exploitative social order capable of expanding production despite the declining world-capitalism.

There can be no doubt that the bolshevik leaders by creating their state-capitalistic structure — which has, within twenty years, become the example for the further evolution of the whole of the capitalist world — were deeply convinced that their construction conformed to the needs and desires of their own and the world proletariat. Even when they found that they could not alter the fact that their society continued to be based on the exploitation of labor, they sought to alter the meaning of this fact by offering in excuse a theory that identified the rule of the leaders with the interests of the led. The motive force of social development in class society — the class struggle — theoretically was done away with; but practically, an authoritarian regime had to be developed masked as the dictatorship of the proletariat. In the creation of this regime, and in the attempt to camouflage it, Trotsky won most of his laurels. He rested on those laurels to the very last. It is only necessary to reflect on the paramount role which Trotsky played in the first thundering years of Bolshevik Russia to understand why he could not admit that the bolshevik revolution was able only to change the form of capitalism but was not able to do away with the capitalistic form of exploitation. It was the shadow of that period that darkened his understanding.

In the general backwardness that prevailed in Czarist Russia, the intelligentsia had little opportunity to improve its position. The talent and capacities of the educated middle classes found no realization in this stagnating society. Later this situation found its parallel in the middle class conditions in Italy and Germany after Versailles and in the wake of the following world crisis. In all three countries, and in both situations, the intelligentsia and large layers of the middle classes became politicized and counter-poised to the declining economic system. In the search for ideologies useful as weapons, and in the search for allies, all had to appeal to the proletarian layer of society, and to all other dissatisfied elements. The leadership of the bolshevik as well as of the fascist movements was not proletarian, but middle class: the result of the frustration of intellectuals under conditions of economic stagnation and atrophy.

In Russia, before 1917, a revolutionary ideology was developed with the help of western socialism — with Marxism. But the ideology served only the act of revolution, nothing more. It had to be altered continuously and re-fitted to serve the developing needs of the state-capitalist revolution and its profiteers. Finally, this ideology lost all connection with reality and served as religion, a weapon to maintain the new ruling class.

With this ideology, the Russian intelligentsia, supported by ambitious workers, were able to seize power and to hold it because of the disintegration of Czarist society, the wide social gap between peasants and workers, the undeveloped proletarian consciousness, and the general weakness of international capitalism after the war. Coming to power with the help of a russified Marxian ideology, Trotsky, after he lost power, had no choice but to maintain the revolutionary ideology in its original form against the

degeneration of Marxism indulged in by the Stalinists. He could afford this luxury, for he had escaped the iron consequences of the social system he had helped to bring about. Now he could lead a life of dignity, that is, a life of opposition. But had he suddenly been brought back to power, his actions could have been none other than those of Stalin's which he so despised. After all, the latter is himself no more than the creature of Lenin's and Trotsky's policies. As a matter of fact, "Stalinists" as a particular type are, so long as they are controllable, just that type of men which leaders like Lenin and Trotsky need and love most. But sometimes the worm turns. Those bolshevik underlings elevated into power positions understand to the fullest that the only insurance for security lies in imprisonment, exile, and murder.

In 1925 oppressive methods were not far enough advanced to secure absolute power for the great leader. The dictatorial instruments were still hampered by the traditions of democratic capitalism. Leadership remained after Lenin's death; there was not yet the Leader. Though Trotsky was forced into exile, the unripeness of the authoritarian form of government spared his life for fifteen years. Soon both old and new oppositions to Stalin's rule could easily be destroyed. Hitler's overwhelming success in the "night of the long knives", when he killed off with one bold stroke the whole of the effective opposition against him, showed Stalin the way to handle his own problems. Whoever was suspected of having at one time or another entertained ideas unpleasant to Stalin's taste and absolute rule, whoever because of his critical capacities was suspected of being able in the future to reach the willing ears of the underdogs and disappointed bureaucrats, was eliminated. This was done not in the Nibelungen manner in which the German fascists got rid of Roehm, Strasser and their following, but in the hidden, scheming, cynical manner of the Moscow Trials, to exploit even the death of the potential oppositionists for the greater glory of the all-embracing and beloved leader, Stalin. The applause of those taking the offices emptied by the murdered was assured. To make the broad masses happily accept the miserable end of the "old Bolsheviks" was merely a job for the minister of propaganda. Thus the whole of Russia, not only the leading bureaucratic group, finished off the "traitors to the fatherland of the workers".

Though secretly celebrating Trotsky's death at studio parties, the defenders of Stalinism, affecting naivete, will ask why Stalin should be interested in doing away with Trotsky. After all, what harm could Trotsky do to the mighty Stalin and his great Russia? However, a bureaucracy capable of destroying thousands of books because they contain Trotsky's name, re-writing and again re-writing history to erase every accomplishment of the murdered opposition, a bureaucracy able to stage the Moscow Trials, is certainly also capable of hiring a murderer, or finding a volunteer to silence the one discordant voice in an otherwise perfect harmony of praise for the new ruling class in Russia. The self-exalting identification with his leader of the last pariah within the Communist Party, the idiotic fanaticism

displayed by these people when the mirror of truth is held before their eyes, permits no surprise at Trotsky's murder. It is surprising only that he was not murdered sooner. To understand the assassination of Trotsky, it is only necessary to look at the mechanism and the spirit of any bolshevik organization, Trotsky's included.

What harm could Trotsky do? Precisely because he was not out to harm his Russia and his workers' state was he so intensely hated by the ruling bolshevik bureaucracy. For the very reason that the Trotskyites in countries where they had a foothold were not out to change in the least the party instrument devised by Lenin, that their spirit remained the spirit of bolshevism, they were hated by the proprietors of the separate Communist Parties.

The swift steps of history make possible any apparent impossibility. Russia is not immune to the vast changes the present world experiences. In a tottering world, all governments become insecure. No one knows where the hurricane will strike next. Each one has to reckon with all eventualities. Because Trotsky insisted on defending the heritage of 1917, because he remained the bolshevik who saw in state capitalism the basis for socialism and in the rule of the party the rule of the workers, because he wanted nothing but the replacement of Stalin and the Stalin-supporting bureaucracy, he was really dangerous to the latter.

That he had other arguments, such as that of the "permanent revolution" against the slogan of "socialism in one country", etc., is rather meaningless, because the permanence of the revolution as well as the isolation of Russia, is dependent not upon slogans and political decisions, but on realities over which even the most powerful party has no control. Such arguments serve only to disguise the quite ordinary interests for which political parties struggle.

It was the non-revolutionary character of Trotsky's policies with regard to the Russian scene that made him so dangerous. The Russian bureaucracy knows quite well that the present world situation is not given to revolutionary changes in the interests of the world proletariat. Dictators and bureaucrats think in terms of dictatorship and bureaucracy. It is pretenders to the throne they fear, not the rabble of the street. Napoleon found it easy to control any insurrectionary crowd; he found it far more difficult to deal with the machinations of Fouche and Talleyrand. A Trotsky, living, could be recalled with the help of the lower layers of the Russian bureaucracy whenever an opportune moment arose. The chance to replace Stalin, to triumph finally, depended on Trotsky's restricting his criticism to Stalin's individual, brutal moroseness, to the sickening, newly-rich attitudes of the Stalin satellites. He realized that he could return to power only with the help of the greater part of the bureaucracy, that he could take his seat in the Kremlin again only in the wake of a palace revolution, or a successful Roehm putsch. He was too much of a realist — despite all the convenient mysticism of his political program — not to realize the

silliness of an appeal to the Russian workers, those workers who must have learned by now to see in their new masters their new exploiters, and to tolerate them out of fear and necessity. Not to tolerate, and not to approve the new situation means to surrender the chance to improve one's own situation; and as long as Russian economy is expanding, individual ambitions and individual apologia will rule individuals. The suckers make the best of a situation which they feel is beyond their power to alter. Precisely because Trotsky was not a revolutionary, but merely a competitor for leadership under existing Russian conditions — ever ready to follow the call of a bureaucracy in re-organization should a national crises demand the abdication of Stalin — he became increasingly more dangerous to the present ruling clique engaged, as it is, in new, vast imperialistic adventures. Trotsky's murder is one of the many consequences of the re-birth of Russian imperialism.

Today Bolshevism stands revealed as the initial phase of a great movement which, expected to perpetuate capitalistic exploitation, is slowly but surely embracing the whole world and changing the no longer functioning private property economy into greater state capitalistic units. The rule of the bolshevist commissar finds its logical conclusion in fascistic dictatorships spreading over the globe. Just as little as Lenin and Trotsky knew what they were actually doing when they were fighting for socialism, just as little do Hitler and Mussolini know today what they are doing in fighting for a greater Germany and the Roman Empire. In the world as it is, there is a wide difference between what men want to do, and what they are actually doing. Men, however great, are very small before history, which steps beyond them and surprises them always anew with the results of their own surprising schemes.

In 1917, Trotsky knew as little as we ourselves knew that the bolshevik revolution would have to end in an international fascistic movement and in the preparation and execution of another world war. If he had known the trend of development, he would either have been murdered twenty years ago, or today he would occupy Stalin's place. As it is, he ended as a victim of the fascist counter-revolution against the international working class and the peace of the world.

Nevertheless, despite the fact that Stalin murdered Trotsky, despite the displacement of all forms of bolshevism by fascism, a final evaluation of Trotsky's historical role will have to place him in line with Lenin, Mussolini, Stalin and Hitler as one of the great leaders of a world-wide movement attempting, knowingly and unknowingly, to prolong the capitalist exploitation system with methods first devised by bolshevism, then completed by German fascism, and finally glorified in the general butchery which we are now experiencing. After that — the labor movement may begin.

PRELUDE TO HITLER

THE INTERNAL POLITICS OF GERMANY: 1918-1933

As the period under discussion begins and ends with a revolution, our first and main concern will not be the particular problem, however important, that arise and are solved from day to day and from year to year in the normal development of a political unit. Our main concern is rather the basic problem of government itself. The crucial question that faced the so-called Weimar Republic during most of its life-time was the question whether this republic existed at all, and what was its real political structure.

From a formal point of view that question seems to be easily answered. When the empire had been finally defeated and its ruler, the Kaiser,— or more correctly the twenty-odd kings and arch-dukes and dukes who had been the collective sovereign of imperial Germany — had formally abdicated, the German people after a comparatively short period of turmoil and strife gave itself a new republican constitution by its chosen representatives at Weimar in August, 1919. That constitution remained valid until the advent of Nazism, and in a sense remains valid even today, as the state power was seized by the Nazi party in a perfectly legal manner. Hitler was made Chancellor, that is Prime Minister, by the President of the German Republic, Field Marshall Hindenburg, on January 30, 1933. He was confirmed in that position by the overwhelming majority of the Reichstag and by a number of practically unanimous plebiscites. The same procedure was observed when later, after Hindenburg's death in 1934, the office of president was abolished, and Hitler, in his new position as "Leader and Chancellor", united in his person and thereby in the office of Chancellor both the powers of the presidency and of the chancellorship. Even the transfer of all legislative powers from parliament to the Leader, including the power to further change the constitution itself, was performed in a perfectly legal manner. These powers were formally delegated from the Reichstag to Hitler's cabinet by the device of two "enabling acts" presented to the first and second Reichstags of 1933, and invariably accepted by majorities much greater than the two-thirds required by Article 76 of the Weimar constitution.

This formal record of the constitutional development does not, however, give a real answer to the basic problem of that fourteen years' interlude between two revolutions and two world wars that was the German Republic. There is even some doubt whether in the continuous flux and incessant struggle between progressive and reactionary, revolutionary and counter-revolu-

tionary forces there ever was any tangible condition or state of affairs sufficiently stable to be described as the German Republic or as a government based on the Weimar constitution.

For the purpose of a realistic interpretation the history of the fourteen years preceding the victory of Nazism in Germany must be divided into at least five totally different periods. The first period is marked by the struggle for and against the so-called Workers' Councils which lasted from November, 1918, to August, 1919. This was, according to a particularly intelligent and understanding British observer,* "the critical period for Germany and for Europe. It was the formative and creative stage for a new Germany and for a new Europe." Looking backward, we may say indeed that this was the last chance for the survival of a genuine democracy under conditions of a rapidly increasing monopoly and state capitalism in post-war Europe.

The form of government during that initial period can be described under various aspects: According to the then generally accepted opinion, both the legislative and the executive powers were vested in a so-called *Council of People's Commissaries* which derived its authority from other and more democratic instances of the revolutionary *Workers' and Soldiers' Council* organization. Yet the six leading members of the two fractions of the *Social Democratic Party*, who composed that so-called Council of People's Commissaries, actually regarded themselves as an anticipated cabinet of the parliament-to-be. These Commissaries were, in fact, replaced as early as February, 1919, by a *coalition cabinet* and a *president* elected by the *National Assembly*, which had convened in January. The "coalition cabinet" thus created, which was to recur again and again in the future development of the German Republic, represented the three parties which had been the only ones to accept unreservedly the new state form of a parliamentary republic on the Western model. The three parties were: (1) the moderate Social-democrats, (2) the catholic Center, and (3) the newly formed democratic State Party. They were opposed from one side by the two monarchist parties which differed from the traditional conservative and National-liberal parties of pre-war times by a change of name only, and from the other side by the new revolutionary parties emerging from the war and the ensuing collapse of the old regime. These new parties were the left wing of the formerly united Social-Democratic Party which now called itself the *Independent Socialist Party*, and the revolutionary *Spartakus Bund* which had just re-baptized itself as the *Communist Party*.

However, the real form of government prevailing during this first period did not conform to either of those two theoretical patterns. During this time there was not any generally accepted authority either in the form of a revolutionary rule of the working classes nor in the form of an effective rule by parliament. A temporary eclipse of all state power in November,

* George YOUNG, *The New Germany*, London and New York, 1920

1918, was followed by a violent struggle for power between the revolutionary workers' council movement on the one hand and a secretly growing counter-revolutionary form of government which can be most adequately described as a "*government by Freicorps*" on the other. This state of affairs was in no way changed by the formal enactment of the new republican constitution on August 11, 1919. It was the tragic fate of the German Republic that its first official government chose to lean more and more heavily on the power of the military. After a first unsuccessful attempt to find effective support in the remnants of the old imperial army, it turned for help and alliance to the newly formed military organizations (Freicorps) which were later to join in every reactionary assault on the constitutional government and which represented in fact the first important kernel of the future military organization of the counter-revolutionary Nazi power.

We now turn to the second period of the Weimar Republic which was inaugurated by the total defeat of the first reactionary onslaught on the new state made by the very powers which it had allowed and even helped to grow up for the purpose of its own defense. This was the monarchistic putsch of Generallandschaftsdirektor *Kapp* of East Prussia, or rather of the Reichswehr General *von Luettwitz*, the close friend of the first social-democratic War Minister *Noske*.

The Reichswehr marched into Berlin through the Brandenburger Tor and the Weimar government fled in terror to Stuttgart where it was joined by the National Assembly. Nevertheless, the enterprise of *Kapp* failed utterly for two very different reasons. First, he had relied merely on military action and had neglected the task of building up a new political organization and a new political ideology — an experience which was not lost on later putschists. Yet even their later and better prepared actions were for a long time defeated until they had learned by experience and had finally built up that tremendously efficient and recklessly unscrupulous modern counter-revolutionary movement which was to deal the death blow to the Weimar Republic in 1933.

The second and much more important reason for *Kapp's* failure was not of a technical nature. The mass of the German workers, called upon by their government, rose in a unanimous general strike for the defense of republic and democracy. This was a kind of *second revolution*, though not in the direction of an increased radicalism — like that of the Jacobin Convention of 1792 or that of the Russian October Revolution that followed upon the first revolution of February, 1917. Rather, it was a falling back from the utopian dreams of the first attempt of November, 1918, to the realistic aims of the socialist movement that had developed during the preceding fifty years.

This time the workers fought for what they really wanted and they got what they had fought for. Up to then the Weimar constitution had enjoyed only a precarious existence. The official republican government had been barely tolerated by its own backers, i. e., by the reactionary army

and the ultra-reactionary Freicorps. It had now won a certain degree of stability. March, 1920, rather than August, 1919, is the birthday of the German constitution. Even so, this was not a republic triumphant, but at the most a republic mildly militant — as shown later by the feeble reaction of the public against the murder of the Catholic minister Erzberger in 1921 and the Democratic minister Rathenau in 1922. The republican revolt exhausted itself in empty street demonstrations and culminated in a never constantly applied *Statute for the Protection of the Republic*.

As a detailed discussion of the foreign politics of the Weimar republic is outside the scope of this paper, I propose to pass over the new deep crisis of 1923 which was mainly caused by the impact of foreign coercion: Versailles, reparations, occupation of the Ruhr, separatism, Hitler's beer-hall putsch in Munich, revolutionary rising of the German workers in defense against the Hitler threat, and military expeditions led by Hitlerite and neutral Reichswehr generals against all anti-Hitlerite movements of the people in various parts of Germany.

From this chaos there emerged a new phase of the German Republic, the parliamentary government of the so-called *Stresemann era*.

The nine cabinets of the six-year period from 1925 to 1929 were of a widely different political composition, varying from the so-called bourgeois bloc which included the Nationalist Right, to a government headed by a social-democratic chancellor. Yet they were in fact all dominated by the undisputed leadership of one and the same minister of foreign affairs. Herr Stresemann represented those strata of German industrial capital which had by then resolved to accept for the time being the republican form of the state as a given fact and to comply with the reparation demands of the Versailles treaty by a carefully elaborated policy of "tactical" fulfillment. At the same time, the impossible burden which had been placed on the German nation after the 1923 crisis by the so-called *Dawes Plan* was gradually undermined until the Dawes Plan could be replaced by the *Young Plan* of 1929, which cut down the obligation of Germany to annual payments decreasing from $2\frac{1}{2}$ to $1\frac{1}{2}$ billions in 1988. It was in the violent campaign for a plebiscite against the acceptance of this plan that the new counter-revolutionary forces led by Hitler first joined hands with the old reactionary forces of traditional nationalism and conservatism, thereby foreshadowing the combined action of the two unequal partners in 1933. Yet against all such disturbing elements, the Stresemann policy of fulfillment and conciliation prevailed, paving the way for the final annulment of all reparation payments which was to be achieved, one year before Hitler's advent, by the *Lausanne conference* of 1932.

It was during this Stresemann era — and this era alone — that it might be possible to speak of an existing Weimar Republic.

This was the time of an exceptionally mild political climate, economic prosperity, and a comparatively undisturbed international situation.

It was the time when there was peace on earth and *Locarno* in Europe. Germany entered the League of Nations and under the leadership of the United States and the French minister *Briand*, more than sixty nations agreed under the *Kellogg Pact* to ban war as an instrument of national policy.

Thus, the stability shown by the German Republic during this six-year period was stronger in appearance than it was in fact. It was not exposed to any real trials. The republic survived, yes, but only during the closed season. All apparent stability disappeared when the economic and political climate changed under pressure from the world crisis beginning in 1929. For the sake of brevity I shall describe this change by quoting from a recent article by the English historian *G. P. Gooch*:

"The Weimar Republic was unwittingly destroyed by American speculators. The economic blizzard crossed the Atlantic and burst on Europe in 1930. In Germany the number of unemployed doubled, banks collapsed, old firms shut their doors. At the general election of September the Nazis jumped from 12 to 107 deputies, which made them inferior in number to the socialists alone.

From this point there developed what must be described as the decay and fall of the Weimar Republic, and what might be called even more appropriately the rise and victory of the fully matured counter-revolution.

It would be a mistake to look at the three governments following upon the Stresemann era (the government of *Bruening, von Papen, Schleicher*) as being republican and parliamentary governments at all.

None of these governments could ever count on a majority in parliament. A note of censure which was passed at the end of the von Papen government late in 1932 (when Herr von Papen had the presidential decree for the dissolution of the Reichstag already in his pocket, but did not succeed in reading it before the vote was taken), showed that of the 600 members of the Reichstag only 40 were prepared to back the government.

Thus all the governments of the German Republic after September, 1930, represented a *presidential regime* rather than a parliamentary government. They ruled by *emergency decree* and not by normal parliamentary procedure. This tremendous growth of the emergency power was, of course, in flagrant contradiction to the spirit of the constitution, though perhaps it did not go against its letter as it was formally based on *Article 48 of the constitution* which entitles the president of the Reich "in case of severe disturbance of public safety and order to take all necessary measures to restore public safety and order, and, if necessary, to intervene with the aid of the armed forces of the realm".

Before we deal with this last fateful period when all principles of republican and parliamentary government and the rights of man as embodied in the constitution were utterly destroyed, we must point out in fairness that with all its abuses this indiscriminate recourse to Article 48 was not an entirely new practice.

Government by martial law and by emergency decree was rampant in Germany during the rule of the Social-democratic president, Ebert, from 1919 to 1924, and there was no misuse of the emergency power during the later period of 1930-1933 and beyond for which a precedent could not be found among the hundreds of emergency decrees issued during that earlier phase.** The much indicted replacement of the socialist government in Prussia by a Reichskommissar under von Papen in June, 1932, finds its precedent in the "imperial executions" of October and November, 1923, against the socialist governments which had attempted to fight the threatening march of Hitler to Berlin by the organization of a workers' militia in Saxony and Thuringia. Nor was it a novelty when the most unpopular economy measures of Bruening and von Papen were decreed by the government under Article 48 with the formal justification that "according to the statements of the party leaders acceptance by the Reichstag could not be expected". The machinery of Article 48 had been used for the purpose of normal financial and economic legislation as early as 1923 and 1924 under the presidency of Ebert. Even the "enabling acts" of Herr Hitler in 1933 had been preceded by the "enabling acts" of Herr Stresemann in 1923.

Thus while the whole history of the German Republic from 1918 to 1933 could be described as the history of the growth of martial law and emergency power, yet there are some important differences between the earlier and later periods. First of all, there had been that intervening period from 1924 to 1929 during which the application of Article 48 had become increasingly rare and had finally been discontinued. The return to those rough and ready improvisations after a time of comparative stabilization gives in itself a new significance to the use of the same method in the later period.

Another difference arises from a consideration of the main function fulfilled by Article 48 before 1924 and after 1929. During the first phase it had served mainly to invest the existing authorities with extraordinary powers for the suppression of what was rightly or wrongly considered as threats or dangers to the newly created order of the republic. This was, indeed, the time when all the forces which might have later resisted the victory of the fascist counter-revolution were most cruelly suppressed by an unchecked use both of the military and the civil executive power, by extraordinary courts, and by a general eclipse of the administration of justice in the ordinary courts whenever a crime could be excused on account of a pretended national interest. Even if the criminal was formally tried, he would escape without punishment because political murder from the Right was

*** The number of decrees issued under Article 48, Section 2, by the government of the Reich alone during the first five years of the republic amounted to 135. To this number should be added the decrees issued under Article 48 during the same period by the governments of the states, the uncounted number of emergency measures enforced by civil and military authorities before August 11, 1919, and the 110 decrees issued under the "enabling acts" of October and December, 1923.*

forever protected by the strong hands of the semi-legal and the wholly illegal, yet officially tolerated, organizations of the secretly recruited new army.

The later period of emergency government since Bruening showed an entirely different character. This time the ordinary business of parliamentary legislation was totally superseded by legislation through emergency decrees. There was a permanent discontinuance of all genuine parliamentary government and a deliberate attempt to replace it by the principle of leadership.

Article 48 became the most important part of the Weimar constitution.*** After five years of non-application of Article 48, Chancellor Bruening on July 16, 1930, enacted his whole program of financial reconstruction in the form of two decrees based on Article 48, and when a majority of the Reichstag revoked his decrees, he dissolved the Reichstag and re-enacted the decrees on the same basis before a new election. Article 48 was in the end used even for the purpose of decreeing the whole of the imperial budget for the parliamentary year 1932 — the last year of the Weimar Republic.

We shall not deal in detail with those last phases of German republicanism that preceded its ultimate overthrow by the temporarily combined forces of the old nationalist and militarist reaction on the one hand and the new and incomparably more vigorous, reckless, and efficient forces of the Nazi counter-revolution on the other. A closer study of the various phases of this final period would only further corroborate the fundamental result already reached in this paper. It would show that from the grim beginnings to the bitter end all the internal developments of the German Republic are not to be contrasted with the later Nazi development, but rather regarded as its first and preparatory phase.

The main points made in this paper are the following:

I have tried to explode two common fallacies:

- 1) that there ever was a "German Republic";
- 2) that there ever was a "German Revolution".

In opposition to those two fallacies I assert:

That the so-called "German Republic" that filled the gap between the old imperialist Germany of the Kaiser and the new Nazi Germany of Herr Hitler was forever a "republic without republicans"; that the so-called "German Revolution", which is supposed to have taken place during the first years after the war, was neither a social revolution of the proletarian class nor a democratic revolution destroying the old reactionary powers. It was a "revolution without revolutionaries".

Yet, although there never was a real revolution, it can be shown that there was — and there still is going on — a very real counter-revolution. Those forces which conquered the German state for the Nazi dictatorship in 1933 arose and grew simultaneously with the development of that political

***The comparative number of emergency decrees based on Article 48 as against normal parliamentary legislation rose from 5.95, in 1930, to 42.35, in 1931, and to 59.5, in 1932.

system which was generally assumed to be a modern republican and democratic state. Although Nazism is neither socialist nor democratic, yet by feeding upon the failures and omissions of the so-called "system politicians" it enrolled in the long run the support of the majority of the nation, and in both the economic and political fields solved a number of concrete problems that had been neglected or frustrated by the unsocialist attitude of the socialists and the undemocratic behavior of the democrats. Thus a certain part of the tasks that "normally" would have been fulfilled by a genuinely progressive and revolutionary movement were fulfilled in a distorted, but nevertheless realistic manner, by the transitory victory of a non-socialist and undemocratic but plebeian and anti-reactionary counter-revolution. Nor is this a thing of the past. The Nazi counter-revolution that began in Germany, 1918-1933, is continuing today on an enlarged European scale.

Karl Korsch

WHICH SIDE TO TAKE?

The second World War has presented grave and fateful problems to the socialist workers' movement. Again it is faced with a situation similar to that which confronted the old labor movement at the outbreak of the first World War. There is a danger that the mistakes which brought doom to social-democracy will be repeated.

The question confronting us today is whether Liebknecht's slogan: "The enemy is at home!" is as valid for the class struggle now as it was in 1914. When Liebknecht voiced his slogan class-struggle conditions were relatively simple. In Germany, for instance, the semi-feudal government was undoubtedly considered a greater foe of the proletariat than the democratic governments of the Entente. Today, too, the fascist government of Germany is apparently a more dangerous enemy of the workers than is England. Liebknecht's slogan would therefore have today an even greater validity for the German working class than it had in 1914.

It would seem, however, that today the workers in the democratic countries are faced with a different situation. Bourgeois democracy confronts them in their struggle for political and economic emancipation. Nevertheless, being at war with the totalitarian states, primarily with German fascism, the democracies cannot be regarded as the arch-foe of the proletariat.

Because of their political structure and their class-struggle mechanics, the democratic countries are forced to grant certain liberties to the proletariat which enables it to carry on its struggle in its own manner. In the totalitarian countries this is no longer possible. Within the framework of dictatorship, even when it calls itself socialist, the proletariat has no liberties,

no rights or possibilities to fight its own struggles. There is no doubt that totalitarianism is the greater, the more vicious and dangerous foe of the proletariat. It would appear then that Liebknecht's slogan has thus lost its validity for the proletariat in the democratic countries.

In the face of this situation working-class movements of democratic countries shift in a direction which sets aside the struggle against democracy as long as the latter is engaged in a war against the totalitarian countries, in a great crusade against its arch foe, against monopoly, fascism, bolshevism — the totalitarian system in general.

It is this situation which gives rise to the present confusion, debate and controversy within the working-class movement. To understand the present tactical shifts, however, it is necessary to have some knowledge of the situation preceding the shift in policy in 1914. Laws, principles, programs and slogans have only a transitory validity, are determined historically by time factors, situations, and circumstances, and are to be viewed dialectically. Thus what may have been the wrong tactic then may be the right one today, and vice versa. Let us apply this to the present tactical shift.

When German Social Democracy in 1914 capitulated to the Kaiser and voted war credits, the proletariat of the whole world branded this act as a shameful betrayal of socialism. Until then it had been an established policy of socialists in parliaments to oppose military appropriations. In the case of war credits it was taken for granted that the socialists would act in accordance with the established policy. Therefore, when the socialists did vote the war credits they disrupted an established tactic and betrayed an established principle.

This act was universally condemned and aroused heated disputes within the entire socialist movement. The opportunists justified it on the grounds that they were exchanging "cannons for social reforms". The radicals, on the other hand, urged a more vigorous struggle against the government in order to turn the war into a civil war and to prepare for the final struggle — the coming revolution.

For present day fractions this struggle has become meaningless, mainly because socialist parties and parliamentary functionaries have become meaningless in many countries. And in those countries where they are still tolerated their voices have become mere patter. Either they are not consulted at all about whether they will grant war credits, or they themselves are its staunchest supporters. Without deliberation and without struggle they are on the side of their governments. If formerly they were allies of the bourgeoisie they are now its servants and lackeys, without being in the least aware of their role of betrayers. In England, France, Holland, Norway, Sweden, Finland, Belgium, Switzerland and Czechoslovakia — in fact everywhere — the Socialists were and are siding with the bourgeoisie. And the "Communists", once the fiercest critics and opponents of the Social-Democrats, for whom they especially invented the term "Social-fascist", bowed

to the bourgeoisie even before their political degeneration and betrayal which culminated in the capitulation to Hitler and fascism.

How shall we account for this shift? Is it because the representatives of Socialism and Communism have all become knaves and blackguards? To assume that would be too simple. No matter how many rascals and blackguards there may be among them, the reason for this shift lies deeper. It must be sought in the changed conditions of party organizations, in the changed times. These changes have become apparent and obvious.

The old social-democratic movement arose during the first phase of the capitalist era, the one we can refer to as the phase of private capitalism (*laissez-faire*). From it social-democracy received the impulse of its origin, the conditions for its growth, the structure of its mass-organizations, the field, tactic and weapons for its struggles. Its substance was derived from the substance of the system in which it lived and fought, and which it hoped to vanquish. Though striving to be the opposite, it could not help but be like it in every way.

This system entered its last phase with the first World War. It is now in a life-and-death struggle against the ascending new phase, which we describe as state-capitalistic. Just as the first one found its ideological and political expression in Liberalism and Democracy, so the second finds its expression in Fascism and Dictatorship. Democracy was the state form of capitalist ascendancy, of its struggle against feudalism, monarchism and clericalism, of the unfolding of all individual powers for the victory and rise of the capitalist economic system, for the social setting and cultural endowment of the bourgeois order. This ascending period ended long ago. Democracy becomes more and more inadequate and unbearable for present day capitalism, for the capitalistic interests can no longer live and grow under it. They demand new social and political conditions, a new ideology and a new state form — a new ruling apparatus. The democratic phase is discarded and demolished in order that fascism can take its place. For only under fascism can state-capitalism develop and thrive.

When democracy ceases to be the valid and dominant state-form, that movement which received its impetus, its right to and form of existence from democracy, also ceases. It cannot continue to live on its own power. Its parliamentarism, its party-machine, its authoritative-centralistic organization methods, its agit-prop technique, its military strategy, its compromisory tactic, its rationalizations as well as its metaphysical-irrational illusions—all these it received from the rich arsenal of the bourgeoisie, all of it was part and parcel, flesh of the flesh of the bourgeois-democratic-liberal world. Because all this has ended, the movement has collapsed, becomes but a shadow of its former self. It can only toss and groan under the cover of the torn and tattered cloak of dying democracy until its own death overtakes it.

Private capitalism—and with it democracy, which is trying to save it—is obsolete and going the way of all mortal things. State capitalism — and with it fascism, which paves the way for it — is growing and seizing power.

The old is gone forever and no exorcism works against the new. No matter how hard we may try to revive Democracy, to help her once more stand on her legs, to breathe life into her, all efforts will be futile. All hopes for a victory of democracy over fascism are the crassest illusions, all belief in the return of democracy as a form of capitalist government has only the value of cunning betrayal and cowardly self-delusion. Those labor leaders who today are on the side of the democracies, and are trying to win the workers' organizations to that side, are doing only what their particular governments and general staffs are doing; namely, recruiting workers and homeless, hopeless emigrants into their armies to hurl them against fascist fronts. These volunteer recruiting officers, hirelings of the democracies, are gentlemen no finer than those kidnappers who supply death-ships with shanghaied sailors. Sooner or later even the democracies will be forced to rid themselves of them, for it becomes more and more obvious that the democratic governments do not desire a real and serious war against fascism. They afforded no real help to Poland. No serious attempt was made to save Finland. They sent badly armed soldiers to Norway. They sign economic pacts with Russia, the accomplice and camp-follower in the service of Hitler. Everything they are doing is only calculated to force Germany into such a difficult and untenable position that she will be willing to enter into a capitalist-fascist business partnership which will enable both sides to enslave the whole world. Both methods of government are getting more similar every day. What real democracy was there in Czechoslovakia? in Poland? What democracy did the Spanish refugees and other emigrants find in France where all human rights and human dignity have been thrown to the dogs? And how democratic is the rule of monopoly capitalism in the U.S.A.? All democracy is practically dead. And all the hopes of workers to revive it through their efforts are sheer illusion. Are the experiences of the Austrian, German and Czechoslovakian social democracies not frightful enough? It is the misfortune of the proletariat that its obsolete organizations based upon an opportunistic tactic make it defenseless against the onslaught of fascism. It has thus lost its own political position in the body politic of the present time. It has ceased to be a history-making factor of the present epoch. It has been swept upon the dungheap of history and will rot on the side of Democracy as well as on the side of Fascism, for the Democracy of today will be the Fascism of tomorrow.

Hope for the final uprising of the proletariat and its historical deliverance does not spring from the miserable remnants of the old movements in the still-democratic countries, and still less from the shabby fragments of those party traditions that were scattered and spilled in the emigration of the world. Nor does it spring from the stereotyped notions of past revolutions, regardless of whether one believes in the blessings of violence or in "peaceful transition". Hope comes rather from the new urges and impulses which will animate the masses in the totalitarian states and will force them to make their own history. The self-expropriation and proletarianization of the bourgeoisie by the second World War, the surmounting of

nationalism by the abolition of small states, the state-capitalistic world-politic based on state federations, the spreading of the class concept until it fosters a majority interest in socialism, the shift of gravity from the typically laissez-faire form of bourgeois competition to the unavoidable collectivization of the future, the transformation of the class-struggle from an abstract-ideological category into a practical-positive-economic category, the automatic rise of factory councils after the unfolding of labor democracy as a reaction to bureaucratic terror, the exact and rational regulations and directions of human activities and conduct through the abolition of the power of the impersonal, unconscious and blind market economy — all these factors can make us aware of the enormous upsurge of energies made free when the primitive, mechanical, raw and brutal beginnings of a social collectivism, such as fascism presents, are at last overcome.

As yet we do not see by what means fascism will be overcome. We feel, however, justified in assuming that the mechanics and dynamics of revolution will undergo fundamental changes. The familiar concept of revolution stems primarily from that period which saw the transition from the feudal to the bourgeois world. This concept will not be valid for the transition from capitalism to socialism. The effect and success of the revolution may be perceived from the fact that the present forced collectivization, which is even now bursting its bureaucratic fetters, develops its own dynamics toward a higher and wider balance, consolidation, and distillation. The final sublimation must lead to an orientation based upon the principle of liberty, equality and fraternity so that the free development of every individual will become the precondition for the free development of all.

This is by no means a Utopia, but an aspect of a very real development within the next historical epoch, which the second World War is ushering in. To focus attention upon this development, to reckon with this basically universal and profoundly revolutionary process, to help strengthen this process by one's conduct and action, to defend it against hindrances and distortions is the revolutionary task confronting us today. In the second World War both fronts, the democratic as well as the fascist, are likely to be defeated — the one militarily, the other economically. No matter to which side the proletariat offers itself, it will be among the defeated. Therefore it must not side with the democracies, nor with the totalitarians. For class-conscious revolutionaries there is only one solution, the solution which breaks with all traditions and all remnants of organizations of the past, which sweeps away all the illusions of the bourgeois-intellectual epoch and which really learns from the lessons of discouragements and disillusionment suffered during the infantile stage of the working-class movement.

Otto Ruehle.

WHY PAST REVOLUTIONARY MOVEMENTS FAILED

Thirty years ago every socialist was convinced that the approaching war of the great capitalist powers would mean the final catastrophe of capitalism and would be succeeded by the proletarian revolution. Even when the war did break out and the socialist and labor movement collapsed as a revolutionary factor, the hopes of the revolutionary workers ran high. Even then they were sure that the world revolution would follow in the wake of the world war. And indeed it came. Like a bright meteor the Russian revolution flared up and shone over the earth, and in all countries the workers rose and began to move.

Only a few years later it became clear that the revolution was decaying, that social convulsions were decreasing, that the capitalist order was gradually being restored. Today the revolutionary workers' movement is at its lowest ebb and capitalism is more powerful than ever.

Once again a great war has come, and again the thoughts of workers and communists turn to the question: will it affect the capitalistic system to such a degree that a workers' revolution will arise out of it? Will the hope of a successful struggle for freedom of the working class come true this time?

It is clear that we cannot hope to get an answer to this question so long as we do not understand why the revolutionary movements after 1918 failed. Only by investigating all the forces that were then at work can we get a clear insight into the causes of that failure. So we must turn our attention to what happened twenty years ago in the workers' movement of the world.

II.

The growth of the workers' movement was not the only important nor even the most important fact in the history of the past century. Of primary importance was the growth of capitalism itself. It grew not only in intensity — through concentration of capital, the increasing perfection of industrial technics, the increase of productivity — but also in extensity. From the first centers of industry and commerce — England, France, America, Germany — capitalism began to invade foreign countries, and now is conquering the whole earth. In former centuries foreign continents were subdued to be exploited as colonies. But at the end of the 19th and at the

beginning of the 20th centuries we see a higher form of conquest. These continents were assimilated by capitalism; they became themselves capitalistic. This most important process, that went on with increasing rapidity in the last century, meant a fundamental change in their economic structure. In short, here was the basis of a series of world-wide revolutions.

The central countries of developed capitalism, with the middle class — the bourgeoisie — as the ruling class, were formerly surrounded by a fringe of other, less-developed countries. Here the social structure was still entirely agrarian and more-or-less feudal; the large plains were cultivated by farmers who were exploited by landowners and stood in continuous, more-or-less open struggle against them and the reigning autocrats. In the case of colonies this internal pressure was intensified through exploitation by European colonial capital that made the landowners and kings its agents. In other cases this stronger exploitation by European capital was brought about by financial loans of governments, which laid heavy taxes upon the farmers. Railways, introducing the factory products that destroyed the old home industries and carried away raw material and food, were built. This gradually drew the farmers into world commerce and aroused in them the desire to become free producers for the market. Factories were constructed; a class of business men and dealers developed in the towns who felt the necessity of better government for their interest. Young people, studying at Western universities, became the revolutionary spokesmen of these tendencies. They formulated these tendencies in theoretical programs, advocating chiefly national freedom and independence, a responsible democratic government, civic rights and liberties, in order that they might find their useful place as officials and politicians in a modern state.

This development in the capitalistic world proper took place simultaneously with the development of the workers' movement within the central countries of big capitalism. Here then were two revolutionary movements, not only parallel and simultaneous, but also with many points of contact. They had a common foe, capitalism, that in the form of industrial capitalism exploited the workers, and in the form of colonial and financial capitalism exploited the farmers in the Eastern and colonial countries and sustained this despotic rulers. The revolutionary groups from these countries found understanding and assistance only from the socialist workers of Western Europe. So they called themselves socialists too. The old illusions that middle class revolutions would bring freedom and equality to the entire population were reborn.

In reality there was a deep and fundamental difference between these two kinds of revolutionary aims, the so-called Western and Eastern. The proletarian revolution can be the result only of the highest development of capitalism. It puts an end to capitalism. The revolutions in the Eastern countries were the consequences of the beginning of capitalism in these countries. Viewed thus, they resemble the middle class revolutions in the Western countries, and — with due consideration for the fact that their special

character must be somewhat different in different countries — they must be regarded as middle class revolutions.

Though there was not such a numerous middle class of artisans, petty bourgeois and wealthy peasants as there was in the French and the English revolutions (because in the East, capitalism came suddenly, with a smaller number of big factories) still the general character is analogous. Here also we have the awakening out of the provincial view of an agrarian village to the consciousness of a nation-wide community and to interest in the whole world; the rising of individualism that frees itself from the old group bonds; the growth of energy to win personal power and wealth; the liberation of the mind from old superstitions, and the desire for knowledge as a means of progress. All this is the mental equipment necessary to bring mankind from the slow life of pre-capitalist conditions into the rapid industrial and economic progress that later on will open the way for communism.

The general character of a proletarian revolution must be quite different. Instead of reckless fighting for personal interests there must be common action for the interests of the class community. A worker, a single person, is powerless; only as a part of his class, as a member of a strongly connected economic group can he get power. Workers' individualities are disciplined into line by their habit of working and fighting together. Their minds must be freed from social superstitions and the must see as a commonplace truth that once they are strongly united that they can take the productive apparatus into their own hands, they can produce abundance and liberate society from misery and want. This is part of the mental equipment necessary to bring mankind from the class exploitation, the misery, the mutual destruction of capitalism into communism itself.

Thus the two kinds of revolution are as widely different as are the beginning and the end of capitalism. We can see this clearly now, thirty years later. We can understand, too, how at that time they could be considered not only as allies, but were thrown together as two sides of the same great world-revolution. The great day was supposed to be near; the working class, with its large socialist parties and still larger unions, would soon conquer power. And then at the same time, with the power of Western capitalism breaking down, all the colonies and Eastern countries would be freed from Western domination and take up their own national life.

Another reason for confusing these different social aims was that at that time the minds of the western workers were entirely occupied by reformist ideas about reforming capitalism into the democratic forms of its beginning and only a very few among them realized the meaning of a proletarian revolution.

III.

The world war of 1914-18, with its utter destruction of productive forces, cut deep furrows through the social structure, especially of central

and eastern Europe. Emperors disappeared, old out-moded governments were overthrown, social forces from below were loosened, different classes of different peoples, in a series of revolutionary movements, tried to win power and to realize their class aims.

In the highly industrialized countries the class struggle of the workers was already the dominating factor of history. Now these workers had gone through a world war. They learned that capitalism not only lays claim on their working power, but upon their lives too; completely, body and soul, they are owned by capital. The destruction and impoverishment of the productive apparatus, the misery and privation suffered during the war, the disappointment and distress after the peace brought waves of unrest and rebelliousness over all participating countries. Because Germany had lost, the rebellion of the workers here was greatest. In the place of pre-war conservatism, there arose a new spirit in the German workers, compounded conservatism, there arose a new spirit in the German workers, compounded of courage, energy, yearnings for freedom and for revolutionary struggle against capitalism. It was only a beginning, but it was the first beginning of a proletarian revolution.

In the Eastern countries of Europe the class struggle had a different composition. The land-owning nobility was dispossessed; the farmers seized the land; a class of small or middlesized free landowners arose. Former revolutionary conspirators became leaders and ministers and generals in the new national states. These revolutions were middle class revolutions and as such indicated the beginning of an unlimited development of capitalism and industry.

In Russia this revolution went deeper than anywhere else. Because it destroyed the Tsarist world power which for a century had been a dominating power in Europe and the most hated enemy of all democracy and socialism, the Russian revolution led all the revolutionary movements in Europe. Its leaders had been associated for many years with the socialist leaders of Western Europe, just as the Tsar had been the ally of the English and French governments. It is true that the chief social contents of the Russian revolution — the land seizures by the peasants and the smashing of the autocracy and the nobility — show it to be a middle class revolution, and the Bolsheviks themselves accentuated this character by often comparing themselves with the Jacobins of the French revolution.

But the workers in the West, themselves full of traditions of petty bourgeois freedom, did not consider this foreign to them. And the Russian revolution did more than simply arouse their admiration; it showed them an example in methods of action. Its power in decisive moments was the power of spontaneous mass action of the industrial workers in the big towns. Out of these actions the Russian workers also built up that form of organization most appropriate to independent action — the soviets or councils. Thus they became the guides and teachers of the workers in other countries.

When a year later, November, 1918, the German empire collapsed, the appeal to world revolution issued by the Russian Bolsheviks was hailed and welcomed by the foremost revolutionary groups in Western Europe.

These groups, calling themselves communists, were so strongly impressed by the proletarian character of the revolutionary struggle in Russia that they overlooked the fact that, economically, Russia stood only at the threshold of capitalism, and that the proletarian centers were only small islands in the ocean of primitive peasantry. Moreover they reasoned that when a world revolution came, Russia would be only a world-province — the place where the struggle started — whereas the more advanced countries of big capitalism would soon take the lead and determine the world's real course.

But the first rebellious movement among the German workers was beaten down. It was only an advanced minority that took part; the great mass held aloof, nursing the illusion that quiet and peace were now possible. Against the rebels stood a coalition of the Social-Democratic party, whose leaders occupied the government seats, and the old governing classes, bourgeoisie and army officers. While the former lulled the masses into inactivity, the latter organized armed bands that crushed the rebellious movement and murdered the revolutionary leaders, Liebknecht and Rosa Luxemburg.

The Russian revolution, through fear, had aroused the bourgeoisie to greater energy than it aroused the proletariat through hope. Though, for the moment, the political organization of the bourgeoisie had collapsed, its real material and spiritual power was still enormous. The socialist leaders did nothing to weaken this power; they feared the proletarian revolution no less than the bourgeoisie did. They did everything to restore the capitalist order, in which, for the moment, they were ministers and presidents.

This did not mean that the proletarian revolution in Germany was a complete failure. Only the first attack, the first rebellion had failed. The military collapse had not led directly to a proletarian rule. The real power of the working class — clear consciousness on the part of the masses of their social position and the necessity for fighting, eager activity in all these hundreds of thousands, enthusiasm, solidarity and strong unity in action, awareness of the supreme aim: to take the means of production in their own hands — had to come up and grow gradually in any case. So much misery and crisis was threatening in the exhausted, shattered and impoverished post-war society that new fights were bound to come.

In all capitalist countries, in England, France, America as well as in Germany, revolutionary groups arose among the workers in 1919. They published papers and pamphlets, they showed their fellow workers new facts, new conditions, and new methods of fighting, and they found a good hearing among the alarmed masses. They pointed to the Russian revolution as their great example, to its methods of mass action and its soviet or council form of organization. They organized into communist parties and groups, associat-

ing themselves with the Bolshevik, the Russian Communist party. Thus the campaign for world revolution was launched.

IV.

Soon, however, these groups became aware with increasingly painful surprise that under the name of communism other principles and ideas than their own were being propagated from Moscow. They pointed to the Russian Soviets as the workers' new organs for self-rule in production. But gradually it became known that the Russian factories were again ruled by directors appointed from above, and that, the important political position had been seized by the Communist Party. These Western groups promulgated the dictatorship of the proletariat, which in opposition to the parliamentary democracy embodied the principle of self-rule of the working class as the political form of the proletarian revolution. But the spokesmen and leaders which Moscow sent to Germany and Western Europe proclaimed that the dictatorship of the proletariat was embodied in the dictatorship of the Communist Party.

The Western communists saw as their chief task the enlightening of the workers concerning the role of the socialist party and the unions. They pointed out that in these organizations the actions and decisions of the leaders were substituted for actions and decision of the workers, and that the leaders were never able to wage a revolutionary fight because a revolution consists in this very self action of the workers; that trade union actions and parliamentary practice are good in a young and quiet capitalist world, but are entirely unfit for revolutionary times, where, by diverting the attention of the workers from important aims and goals and directing them to unreal reforms, they work as hostile, reactionary forces; that all the power of these organizations, in the hands of the leaders, is used against the revolution. Moscow, however, demanded that communist parties should take part in parliamentary elections as well as in all union work. The Western communists preached independence, development of initiative, self-reliance, the rejection of dependence on and belief in leaders. But Moscow preached, in ever stronger terms, that obedience to the leaders was the chief virtue of the true communist.

Western communists did not immediately realize how fundamental was the contradiction. They saw that Russia, attacked from all sides by counter-revolutionary armies, which were supported by the English and French governments, needed sympathy and assistance from the Western working classes; not from small groups that fiercely attacked the old organizations, but from the old mass organizations themselves. They tried to convince Lenin and the Russian leaders that they were ill-informed about the real conditions and the future of the proletarian movement in the West. In vain, of course. They did not see, at the time, that in reality it was the conflict of two concepts of revolution, the middle class revolution and the proletarian revolution.

It was only natural that Lenin and his comrades were utterly unable to see that the impending proletarian revolution of the West was quite a different thing from their Russian revolution. Lenin did not know capitalism from within, at its highest development, as a world of enlarging proletarian masses, moving up to the time when they could seize power to lay hands on a potentially perfect production apparatus. Lenin knew capitalism only from without, as a foreign, robbing, devastating usurer, such as the Western financial and colonial capital must have appeared to him in Russia and other Asiatic countries. His idea was that in order to conquer, the Western masses had only to join the anti-capitalistic power established in Russia; they should not obstinately try to seek other ways but were to follow the Russian example. Hence flexible tactics were needed in the West to win the great masses of socialist and union members as soon as possible, to induce them to leave their old leaders and parties that were bound to their national governments, and to join the communist parties, without the necessity of changing their own ideas and convictions. So Moscow tactics followed logically from the basic misunderstanding.

And what Moscow propagated had by far the greatest weight. It had the authority of a victorious against a defeated (German) revolution. Will you be wiser than your teachers? The moral authority of Russian Communism was so undisputed that even a year later the excluded German opposition asked to be admitted as a "sympathizing" adherent to the Third International. But besides moral authority, the Russians had the material authority of money behind them. An enormous amount of literature, easily paid for by Moscow subsidies, flooded the Western countries: weekly papers, pamphlets, exciting news about successes in Russia, scientific reviews, all explaining Moscow's views. Against this overwhelming offensive of noisy propaganda, the small groups of Western communists, with their lack of financial means, had no chance. So the new and sprouting recognition of the conditions necessary for revolution were beaten down and strangled by Moscow's powerful weapons. Moreover Russian subsidies were used to support a number of salaried party secretaries, who, under threat of being fired, naturally turned into defenders of Russian tactics.

When it became apparent that even all this was not sufficient, Lenin himself wrote his well known pamphlet "Left-Wing Communism — An Infantile Disease". Though his arguments showed only his lack of understanding of Western conditions, the fact that Lenin, with his still unbroken authority, so openly took sides in the internal differences, had a great influence on a number of Western communists. And yet, notwithstanding all this, the majority of the German communist party stuck to the knowledge they had gained through their experience of proletarian struggles. So at their next congress at Heidelberg, Dr. Levi, by some dirty tricks, had first to divide the majority — to exclude one part, and then to outvote the other part — in order to win a formal and apparent victory for the Moscow tactics.

The excluded groups went on for some years disseminating their ideas. But their voices were drowned out by the enormous noise of Moscow propaganda. They had no appreciable influence on the political events of the next years. They could only maintain and further develop, by mutual theoretical discussions and some publications, their understanding of the conditions of proletarian revolution, and keep them alive for times to come.

The beginnings of a proletarian revolution in the West had been killed by the powerful middle class revolution of the East.

V.

Is it correct to call this Russian revolution that destroyed the bourgeoisie and introduced socialism a middle class revolution?

Some years afterwards in the big towns of poverty-stricken Russia special shops with plate glass fronts and exquisite, expensive delicacies appeared, especially for the rich, and luxurious night clubs were opened, frequented by gentlemen and ladies in evening dress — chiefs of departments, high officials, directors of factories and committees. They were stared at in surprise by the poor in the streets, and the disillusioned communists said: "There go the new bourgeoisie". They were wrong. It was not a new bourgeoisie; but it was a new ruling class. When a new ruling class comes up, disappointed revolutionaries always call it by the name of the former ruling class. In the French revolution, the rising capitalists were called "the new aristocracy". Here in Russia the new class firmly seated in the saddle as masters of the production apparatus was the bureaucracy. It had to play in Russia the same role that in the West the middle class, the bourgeoisie, had played: to develop the country by industrialization from primitive conditions to high productivity.

Just as in Western Europe the bourgeoisie had risen out of the common people of artisans and peasants, including some aristocrats, by ability, luck and cunning, so the Russian ruling bureaucracy had risen from the working class and the peasants (including former officials) by ability, luck and cunning. The difference is that in the U.S.S.R. they did not own the means of production individually, but collectively; so their mutual competition, too, must go on in other forms. This means a fundamental difference in the economic system; collective, planned production and exploitation instead of individual haphazard production and exploitation; state capitalism instead of private capitalism. For the working masses, however, the difference is slight, not fundamental; once more they are exploited by a middle class. But now this exploitation is intensified by the dictatorial form of government, by the total lack of all those liberties which in the West render fighting against the bourgeoisie possible.

This character of modern Russia determined the character of the fight of the Third International. Alternating red-hot revolutionary utterances with the flattest parliamentary opportunism, or combining both, the 3rd

International tried to win the adherence of the working masses of the West. It exploited the class antagonism of the workers against capitalism to win power for the Party. It caught up all the revolutionary enthusiasm of youth and all the rebellious impulses of the masses, prevented them from developing into a growing proletarian power, and wasted them in worthless political adventures. It hoped thus to get power over the Western bourgeoisie; but it was not able to do so, because understanding of the inner-most character of big capitalism was totally lacking. This capitalism cannot be conquered by an outside force; it can be destroyed only from within, by the proletarian revolution. Class domination can be destroyed only by the initiative and insight of a self-reliant proletarian class: party discipline and obedience of the masses to their leaders can lead only to a new class-domination. Indeed in Italy and Germany this activity of the Communist Party prepared the way for fascism.

The Communist Parties that belong to the Third International are entirely — materially and mentally — dependent on Russia, are the obedient servants of the rulers of Russia. Hence, when Russia, after 1933, felt that it must line up with France against Germany, all former intransigence was forgotten. The Comintern became the champion of "democracy" and united not only with the socialists but even with some capitalist parties into the so-called Popular Front. Gradually its power to attract, through pretending that it represented the old revolutionary traditions, began to disappear; its proletarian following diminished.

But at the same time, its influence on the intellectual middle classes in Europe and America apparently began to grow. A large number of books and reviews in all fields of social thought were issued by more or less camouflaged C.P. publishing houses in England, France, and America. Some of them were valuable historical studies or popular compilations; but mostly they were worthless expositions of so-called Leninism. All this was literature evidently not intended for workers, but for intellectuals, in order to win them over to Russian communism.

The new approach met with some success. The ex-soviet diplomat Alexander Barmine tells in his memoirs how he perceived with surprise in western Europe that just when he and other Bolsheviks began to have their doubts as to the outcome of the Russian revolution, the Western middle class intellectuals, misled by the lying praises of the successes of the Five Year Plan, began to feel a sympathetic interest in Communism. The reason is clear: now that Russia was obviously not a workers' state any more, they felt that this state-capitalistic rule of a bureaucracy came nearer to their own ideals of rule by the intelligentsia than did the European and American rule of big finance. Now that a new ruling minority over and above the masses was established in Russia, the Communist Party, its foreign servant had

to turn to those classes from which, when private capitalism collapsed, new rulers for exploiting the masses could arise.

Of course, to succeed in this way, they need a workers' revolution to put down capitalist power. Then they must try to divert it from its own aims and make it the instrument for their party rule. So we see what kind of difficulties the future working class revolution may have to face. It will have to fight not only the bourgeoisie but the enemies of the bourgeoisie as well. It has not only to throw off the yoke of its present masters; it must also keep free from those who would try to be its future masters.

VI.

The world has now entered into its new great imperialistic war. Cautious though the warring governments may be in handling the economic and social forces and in trying to prevent hell from breaking loose entirely, they will not be able to hold back a social catastrophe. With the general exhaustion and impoverishment, most severe on the European continent, with the spirit of fierce aggressiveness still mighty, violent class struggles will accompany the unavoidable new adjustments of the system of production. Then, with private capitalism broken down, the issues will be planned economy, state capitalism, workers' exploitation on the one side; workers' freedom and mastery over production on the other.

The working class is going into this war burdened with the capitalistic tradition of Party leadership and the phantom tradition of a revolution of the Russian kind. The tremendous pressure of this war will drive the workers into spontaneous resistance against their governments and into the beginnings of new forms of real fight. When it happens that Russia enters the field against the Western powers, it will re-open its old box of slogans and make an appeal to the workers for "world revolution against capitalism" in an attempt to get the rebellious-minded workers on its side. So Bolshevism would have its chance once more. But this would be no solution for the problems of the workers. When the general misery increases and conflicts between classes become fiercer, the working class must, out of its own necessity, seize the means of production and find ways to free itself from the influence of Bolshevism.

Anton Pannekoek.

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THE FASCIST COUNTER REVOLUTION

What hope have we revolutionary Marxists, remnants of a past epoch, inheritors of its most advanced theories, illusions, ideologies — what hope have we left for a revolutionary turn of the sweeping counter-revolutionary movement of victorious fascism? The fate of France has finally proved that the old Marxist slogan of "world revolution" has in our epoch assumed a new meaning. We find ourselves today in the midst not of a socialist and proletarian but of an ultra-imperialistic and fascist world revolution. Just as in the preceding epoch every major defeat — the defeat of France in 1871, that of Russia, Germany, Hungary in 1905, 1917, 1918 — resulted in a genuine revolution, so in our time each defeated country resorts to a fascist counter-revolution. Moreover, present-day war itself has become a revolutionary process, a civil war with an unmistakably predominant counter-revolutionary tendency. Just as in a horse race we do not know which horse will win but we do know that it will be a horse, so in the present war the victory of either party will result in a further gigantic step toward the fascisation of Europe, if not of the whole European, American, Asiatic world of tomorrow.

I.

There seem to be two easy ways for the "orthodox" Marxist of today to handle this difficult problem. Well-trained in Hegelian philosophical thought, he might say that all that is, is reasonable, and that, by one of those "dialectical" shifts in which history rejoices, socialism has been fulfilled by the social revolution implied in the victory of fascism. Thus Hegel himself at first followed the rising star of the French Revolution, later embraced the cause of Napoleon, and ended by acclaiming the Prussian state that emerged from the anti-Napoleonic wars of 1812-1815 as the fulfillment of the philosophical "idea" and as the "state of reason" corresponding to the given stage of its historical development.

Or, for that matter, our orthodox Marxist might not be willing, for the present, to go so far as to acknowledge the fascist allies of Stalin as the genuine promoters of socialism in our time. He would then content himself with feeling that the victory of fascism, planned economy, state capitalism, and the weeding out of all ideas and institutions of traditional "bourgeois democracy" will bring us to the very threshold of the genuine social revolution and proletarian dictatorship — just as, according to the teachings of the early church, the ultimate coming of Christ will be immediately preceded by the coming of the Anti-Christ who will be so much like Christ in his

appearance and in his actions that the faithful will have considerable difficulty in seeing the difference.

In so reasoning, our orthodox Marxist would not only conform with the church but would also keep well in line with the precedents set by the earlier socialists and "revolutionary" Marxists themselves. It was not only the moderately progressive bourgeois ex-minister Guizot who was deceived by the revolutionary trimmings of Louis Napoleon's coup d'etat of 1851 and, when he heard the news burst out into the alarmed cry, "This is the complete and final triumph of socialism". Even the leading representative of French socialism, P. J. Proudhon, was taken in by the violently anti-bourgeois attitude displayed by the revolutionary imperialist, and he devoted a famous pamphlet to the thesis that the coup d'etat of the Second of December did in fact "demonstrate the social revolution".*

Indeed, in many ways that counter-revolutionary aftermath of 1848 is comparable to the infinitely more serious and more extended counter-revolutionary movement through which European society is passing today after the experience of the Russian, the German, and the other European revolutions which followed in the wake of the first world war. Every party and every political tendency had to go through a certain period of bewilderment until it had adapted itself to a totally changed situation. Marx himself, although he utterly despised the imperialist adventurer because of his personal inadequacy, was inclined to believe in the revolutionary significance of the counter-revolutionary coup. He described the historical outcome of the two years of revolutionary defeat from 1848 to 1849 by the paradoxical statement that "this time the advance of the revolutionary movement did not effect itself through its immediate tragic-comic achievements but, the other way round, through the creation of a united and powerful counter-revolution, through the creation of an antagonist by opposing whom the party of revolt will reach its real revolutionary maturity".** And even after the fateful event he most emphatically restated his conviction that "the destruction of the parliamentary republic contains the germs of the triumph of the proletarian revolution".*** This is exactly what the German communists and their Russian masters said 80 years later when they welcomed the advent of Nazism in Germany as a "victory of revolutionary communism".

This ambiguous attitude of Proudhon and Marx toward counter-revolution was repeated ten years later by Ferdinand Lasalle, a close theoretical disciple of Marx and at that time the foremost leader of the growing socialist movement in Germany. He was prepared to cooperate with Bismarck at the time when that unscrupulous statesman was toying with the idea of bribing the workers into acceptance of his imperialistic plans by an apparent

* *Oeuvres Complètes de Proudhon*, vol. VII, Paris 1868

**First article on *Class Struggles in France*. *Neue Rheinische Zeitung*, January 1850

*** *The Eighteenth Brumaire of Louis Bonaparte*, February 1852

adoption of the universal franchise and some other ideas borrowed from the 1848 revolution and the Second Empire. Lassale did not live to see Bismarck at the end of the 70's, when he had subdued the liberals and the ultramontane catholic party, revert to his old dream of enforcing a kind of "tory-socialism" based on a ruthless persecution and suppression of all genuine socialist workers' movements.

There is no need to discuss the wholesale conversion of internationalists into nationalists and proletarian social democrats into bourgeois democratic parliamentarians during and after the first world war. Even such formerly Marxists as Paul Lensch accepted the war of the Kaiser as a realistic fulfillment of the dreams of a socialist revolution, and the about-face of the socialists they themselves glorified as a "revolutionization of the revolutionaries". There was a "national-bolshevist" fraction of the German Communist Party long before there was a Hitlerian National-Socialist Party. Nor does the military alliance that was concluded "seriously and for a long time" between Stalin and Hitler in August 1939 contain any novelty for those who have followed the historical development of the relations between Soviet Russia and imperial, republican, and Hitlerian Germany throughout the last twenty years. The Moscow treaty of 1939 had been preceded by the treaties of Rapallo in 1920 and of Berlin in 1926. Mussolini had already for several years openly proclaimed his new fascist credo when Lenin was scolding the Italian communists for their failure to enlist that invaluable dynamic personality in the service of their revolutionary cause. As early as 1917, during the peace negotiations in Brest Litovsk, Rosa Luxemburg and Karl Liebknecht had been aware of the dreadful danger that was threatening the proletarian revolution from that side. They had said in so many words that "Russian socialism based on reactionary Prussian bayonets would be the worst that still could happen to the revolutionary workers' movement".

It appears from this historical record that there is indeed something basically wrong with the traditional Marxian theory of the social revolution and with its practical application. There is no doubt, today less than at any former time in history, that the Marxian analysis of the working of the capitalist mode of production and of its historical development is fundamentally correct. Yet it seems that the Marxian theory in its hitherto accepted form is unable to deal with the new problems that arise in the course of a not merely occasional and temporary but deep-rooted, comprehensive, and enduring counter-revolutionary development.

II.

The main deficiency of the Marxian concept of the counter-revolution is that Marx did not, and from the viewpoint of his historical experience could not, conceive of the counter-revolution as a normal phase of social development. Like the bourgeois liberals he thought of the counter-revolution as an "abnormal" temporary disturbance of a normally progressive

development. (In the same manner, pacifists to the present day think of war as an abnormal interruption of the normal state of peace, and physicians and psychiatrists until recently thought of disease and more especially the diseases of the mind as an abnormal state of the organism.) There is, however, between the Marxian approach and that of the typical bourgeois liberal this important difference: they start from a totally different idea about just what is a normal condition. The bourgeois liberal regards existing conditions or at least their basic features as the normal state of things, and any radical change as its abnormal interruption. It does not matter to him whether that disturbance of existing normal conditions results from a genuinely progressive movement or from a reactionary attempt to borrow revolution's thunder for the purpose of a counter-revolutionary aggression. He is afraid of the counter-revolution just as much as of the revolution and just because of its resemblance to a genuine revolution. That is why Guizot called the coup d'état "the complete and final triumph of the socialist revolution" and why, for that matter, Hermann Rauschning today describes the advent of Hitlerism as a "revolt of nihilism".

As against the bourgeois concept, the Marxian theory has a distinct superiority. It understands revolution as a completely normal process. Some of the best Marxists, including Marx himself and Lenin, even said on occasion that revolution is the only normal state of society. So it is, indeed, under those objective historical conditions which are soberly stated by Marx in his Preface to the "Critique of Political Economy".

Marx did not, however, apply the same objective and historical principle to the process of counter-revolution, which was known to him only in an undeveloped form. Thus, he did not see, and most people do not see today, that such important counter-revolutionary developments as those of present-day Fascism and Nazism have, in spite of their violent revolutionary methods, much more in common with *evolution* than they have with a genuine revolutionary process. It is true that in their talk and propaganda both Hitler and Mussolini have directed their attack mostly against revolutionary Marxism and Communism. It is also true that before and after their seizure of state power they made a most violent attempt to weed out every Marxist and Communist tendency in the working classes. Yet this was not the main content of the fascist counter-revolution. In its actual results the fascist attempt to renovate and transform the traditional state of society does not offer an alternative to the radical solution, aimed at by the revolutionary communists. The fascist counter-revolution rather tried to replace the reformist socialist parties and trade unions, and in this it succeeded to a great extent.

The underlying historical law, the *law of the fully developed fascist counter-revolution of our time*, can be formulated in the following manner: After the complete exhaustion and defeat of the revolutionary forces, the fascist counter-revolution attempts to fulfil, by new revolutionary methods and in widely different form, those social and political tasks which the so-

called reformistic parties and trade unions had promised to achieve but in which they could no longer succeed under the given historical conditions.

A revolution does not occur at some arbitrary point of social development but only at a definite stage. "At a certain stage of their development the material productive forces of society come into contradiction with the existing production-relations (or property-relations) within which they hitherto moved. From being forms of development, those relations turn into fetters upon the forces of production. *Then a period of social revolution sets in.*" And again Marx emphasized, and even to a certain extent exaggerated, the objectivistic principle of his materialist theory of revolution according to which "a formation of society *never* perishes until *all* the forces of production for which it is wide enough have been developed." All this is true enough as far as it goes. We have all seen how evolutionary socialism reached the end of its rope. We have seen how the old capitalistic system based on free competition and the whole of its vast political and ideological superstructure was faced by chronic depression and decay. There seemed no way open except a wholesale transition to another, more highly developed form of society, to be effected by the social revolution of the proletarian class.

The new historical development during the last twenty years showed, however, that there was yet another course open. The transition to a new type of capitalistic society, that could no longer be achieved by the democratic and peaceful means of traditional socialism and trade-unionism, was performed by a counter-revolutionary and antiproletarian yet objectively progressive and ideologically anti-capitalistic and plebeian movement that had learned to apply to its restricted evolutionary aims the unrestricted methods developed during the preceding revolution. (More particularly, both Hitler and Mussolini had learned much in the school of Russian bolshevism.) Thus, it appeared that the evolution of capitalistic society had not reached its utter historical limit when the ruling classes and the reformistic socialists — those self-appointed "doctors at the sick-bed of capitalism" — reached the limits of their evolutionary possibilities. The phase of peaceful democratic reforms was followed by another evolutionary phase of development — that of the fascist transformation, revolutionary in its political form but evolutionary in its objective social contents.

The decisive reason that the capitalistic formation of society did not perish after the collapse of the first world war is that the workers did not make their revolution. "Fascism", said its closest enemy, "is a counter-revolution against a revolution that never took place."**** Capitalistic society did not perish, but instead entered a new revolutionary phase under the counter-revolutionary regime of fascism, because it was not destroyed by a successful workers' revolution, and because it had not, in fact, developed all the forces of production. The objective and the subjective premises are equally important for the counter-revolutionary conclusion.

**** Ignazio Silone, *School for Dictators*, 1938

From this viewpoint all those comfortable illusions about a hidden revolutionary significance in the temporary victory of the counter-revolution, in which the earlier Marxists so frequently indulged, must be entirely abandoned. If counter-revolution is only externally and superficially connected with a social revolution by its procedures, but in its actual content is much more closely related to the further evolution of a given social system, and is in fact a particular historical phase of that social evolution, then it can no longer be regarded as a revolution in disguise. There is no reason to hail it either as an immediate prelude to the genuine revolution, or as an intrinsic phase of the revolutionary process itself. It appears as a particular phase of the whole developmental process, not inevitable like revolution yet becoming an inevitable step within the development of a given society under certain historical conditions. It has reached its up-to-now most comprehensive and important form in the present day fascist renovation and transformation of Europe, which in its basic economic aspect appears as a transition from the private and anarchic form of competitive capitalism to a system of planned and organized monopoly-capitalism or state-capitalism.

III.

It would be the greatest folly and, for people even slightly imbued with the great discoveries of Marx in the field of the social sciences, a total relapse into a pre-materialist and pre-scientific manner of thought if one were to expect that the historical progress from competitive capitalism to planned economy and state-capitalism could be repealed by any power in the world. Least of all can fascism be defeated by those people who, after a hundred years of shameless acquiescence in the total abandonment of their original ideals, now hasten to conjure up the infancy of the capitalist age with its belief in liberty, equality, fraternity, and free trade, while at the same time they surreptitiously and inefficiently try to imitate as far as possible fascism's abolition of the last remnants of those early capitalist ideas. They feel a sudden and unexpected urge to celebrate the French Revolution's 14th of July and at the same time dream of destroying fascism by adopting fascist methods.

In opposition to the artisan and petty-bourgeois spirit of early Utopian socialism, the first word of scientific and proletarian socialism stated that big industry and the machine-age had come to stay, that modern industrial workers had to find a cure for the evils of the industrial age on the basis of a further development of the new industrial forces themselves. In the same manner the scientific and proletarian socialists of our time must try to find remedies for the wrongs of monopoly-capitalism and fascist dictatorship on the basis of monopoly and state-capitalism itself. Neither free trade (that was not so free for the workers after all) nor the other aspects of traditional bourgeois democracy — free discussion and free press and free radio — will ever be restored. They have never existed for the suppressed and exploited class. As far as the workers are concerned, they have only exchanged one form of serfdom for another. There is no essential differ-

ence between the way the New York Times and the Nazi press publish daily "all the news that's fit to print" — under existing conditions of privilege and coercion and hypocrisy. There is no difference in principle between the eighty-odd voices of capitalist mammoth corporations — which, over the American radio, recommend to legions of silent listeners the use of Ex-Lax, Camels, and Neighborhood groceries, along with music, war, base-ball and domestic news, and dramatic sketches — and the one suave voice of Mr. Goebbels who recommends armaments, race-purity, and worship of the Fuehrer. He too is quite willing to let them have music along with it — plenty of music, sporting news, and all the unpolitical stuff they can take.

This criticism of the inept and sentimental methods of present-day anti-fascism does not imply by any means that the workers should do openly what the bourgeoisie does under the disguise of a so-called anti-fascist fight: acquiesce in the victory of fascism. The point is to fight fascism not by fascist means but on its own ground. This seems to the present writer to be the rational meaning of what was somewhat mystically described by *Alpha* in the spring issue of *Living Marxism****** as the specific task of "shock-troops" in the anti-fascist fight. *Alpha* anticipated that even if the localized war-of-siege waged during the first seven months of the present conflict were to extend into a general fascist world war, this would not be a "total war" and an unrestricted release of the existing powers of production for the purpose of destruction. Rather, it would still remain a monopolistic war in which the existing powers of production (destruction) would be fettered in many ways for the benefit of the monopolistic interests of privileged groups and classes. It would remain that kind of war from fear of the emancipatory effect that a total mobilization of the productive forces, even restricted to the purpose of destruction, would be bound to have for the workers or, under the present-day conditions of totally mechanized warfare, for the shocktroopers who perform the real work of that totally mechanized war.

This argument of *Alpha's* can be applied more widely and much more convincingly. First of all we can disregard for the moment (although we shall have to return to it at a later stage) the peculiar restriction of the argument to the "shock-troops" and to the conditions of war. The whole traditional distinction between peace and war, production and destruction, has lost in recent times much of that semblance of truth that it had in an earlier period of modern capitalistic society. The history of the last ten years has shown that ever since, in a world drunk with apparent prosperity, the American Kellogg Pact outlawed war, peace has been abolished. From the outset Marxism was comparatively free from that simple-mindedness which believed in an immediate and clear-cut difference between production-for-use and production-for-profit. The only form of production-for-use under existing capitalistic conditions is just the production-for-profit. Pro-

***** Vol. V. No. 1; pp. 44—58

ductive labor for Marx, as for Smith and Ricardo, is that labor which produces a profit for the capitalist and, incidentally, a thing which may also be useful for human needs. There is no possibility of establishing a further distinction between a "good" and a "bad", a constructive and a destructive usefulness. The Goebbelian defense of the "productivity" of the labor spent on armaments in Germany by referring to the amount of "useful" labor spent in the United States for cosmetics had no novelty for the Marxist. Marx, who described the working class in its revolutionary fight as "the greatest of all productive forces" would not have been afraid to recognize war itself as an act of production, and the destructive forces of modern mechanized warfare as part of the productive forces of modern capitalistic society, such as it is. He, like *Alpha*, would have recognized the "shock-troops" in their "destructive" activity in war as well as in their productive activity in industry (armament and other industries — war industries all!) as real workers, a revolutionary vanguard of the modern working class. Historically it is a well-established fact that the soldier (the hired mercenary) was the first modern wage-laborer.

Thus, the old Marxian contradiction between the productive forces and the given production relations re-appears in the warlike as well as in the peaceful activities of modern fascism. With it there appears again the old contrast between the workers, who as a class are interested in the full application and development of the productive forces, and the privileged classes, the monopolists of the material means of production. More than at any previous time the monopoly of political power reveals itself as the power to rule and control the social process of production. At the same time this means, under present conditions, the power to restrict production — both the production of industry in peace and destructive production in time of war — and to regulate it in the interest of the monopolist class. Even the "national" interest that was supposed to underly the present-day fascist war waged by Hitler and Mussolini is revealed by the war itself and will be revealed much more clearly by the coming peace as being ultimately an interest of the international capitalist and monopolist class. Much more clearly than at the end of the first world war it will appear that this war is waged by both parties — by the attacking fascists as well as by the defending "democrats" — as a united counter-revolutionary struggle against the workers and the soldiers who by their labor in peace and war prepared and fought this truly suicidal war.

What, then, is the hope left for the anti-fascists who are opposing the present European war and who will oppose the coming war of the hemispheres? The answer is that, just as life itself does not stop at the entrance of war, neither does the material work of modern industrial production. Fascists today quite correctly conceive the whole of their economy — that substitute for a genuine socialist economy — in terms of a "war economy" (Wehrwirtschaft). Thus, it is the task of the workers and the soldiers to see to it that this job is no longer done within the restrictive rules imposed upon human labor in present-day capitalist, monopolist, and oppressive society.

It has to be done in the manner prescribed by the particular instruments used; that is, in the manner prescribed by the productive forces available at the present stage of industrial development. In this manner both the productive and the destructive forces of present-day society — as every worker, every soldier knows — can be used only if they are used *against* their present monopolistic rulers. Total mobilization of the productive forces presupposes total mobilization of that greatest productive force which is the revolutionary working class itself.

K. K.

DISCUSSION

Some Questions concerning K.K.'s "*The Fascist Counter-Revolution*"

As I see it, K. is emphasizing that Marx did not fully understand the counter-revolution, which he, K., finds to be "closely related to further evolutionary process of a given social system under certain historical conditions". Counter-revolution is therefore, not an abnormal disturbance, but occurs under objective historical conditions as does revolutionary development.

K. then goes on to say that Fascism, though revolutionary in its technique (a technique which it picked up from the genuine revolutionary forces it defeated) is evolutionary in its aims. Fascism, that is, is a further development of capitalism; the basic economic aspect of the fascist renovation is the transition from competitive private capitalism to planned monopoly or state capitalism.

Now it is the knitting together of these two aspects of K.'s thought that I do not follow completely. It is even difficult for me to phrase my objections, but I want to try because that is the only way to understand a point of view, to crystallize one's doubts.

K. quotes Marx: "A formation of society never perishes until all the forces for which it is wide enough have been developed." Capitalism therefore, did not perish because it contained yet another type of development, that embodied in the transition Fascism is carrying out. But, K. also quotes Sjalone's "Fascism is a counter-revolution against a revolution that never took place". The workers, he says, did not make their revolution...hence capitalist society

did not perish after the first world war.

My question is this: on what grounds does K. formulate the basic historical law, "the law of the fully developed Fascist counter-revolution of our time"? Is this an induction from the single instance, "of our time"? On the one hand it seems to me to be an intellectual manipulation based on Marx's premise that a society must expand fully before it perishes; on the other, it redefines a "counter-revolution" on the basis of analyzing a movement which is labelled beforehand as a counter-revolution. If capitalism did not perish because the workers did not revolt, and if, also, it did not perish because it contained the seeds of further transition, are we to understand that the workers did not revolt **because** of this Marxian law? And is that why K. is justified in calling Fascism a counter-revolution, the latter defined in terms of this evolutionary process?

You can see that my doubts are perhaps fundamentally inspired by either insufficient knowledge or insufficient belief in the validity of the Marxian system. But it is people like me whom K. has to convince, and so it may be well to listen to the voice of the ignorant, even though the ignorance is painful.

My whole feeling about this analysis is that it is an interpretation presented as if it were a science, with premises as acceptable (relatively speaking) as those of our observational procedures in science. There are many single points which I appreciate for their insight, but

the systematization is a bit harder to see.

The conclusion I find very disconcerting and vague. That the war is waged by both parties as a united counter-revolutionary war against the workers is a consideration not new to me. But the "theoretical" points which follow I cannot interpret or fit into my head in order.

K. enlarges the scope of "Alpha's" arguments, to point out that the worker must fight Fascism "not by Fascist means, but on its own ground", forcing an unrestricted release of the existing powers of production for the purpose of destruction (since the production of a war-worker is as "good" as the production of any worker, and one must treat even the soldier as a real worker). That is, K. points out that the same Marxian contradiction between the productive forces and the controllers of production, the restriction of the former by the latter,

occurs in war-like as well as in peaceful activities, and that fighting Fascism on its own ground involves breaking this **restriction in warlike activity**, just as it would in peace.

What does this mean? I confess I am at a loss. A literal interpretation of any argument which complains that a war has not been total enough, and which urges a break in the restrictive forces in order to achieve the social revolution — well, it is fantastic.

And yet the last sentence of the Analysis contains an idea in addition to the above: "In this manner both the productive and the destructive forces of present day society, as every worker, as every soldier knows, can only be used if they are used **against** their present monopolistic rulers." How does this much more acceptable point fit into the logical sequence which precedes it?

M. R.

ANSWER

I have nothing to say against my critic's description of my little study as an attempt to present an interpretation of a contemporary movement "as if it were a science, with premises as acceptable (relatively speaking) as those of our observational procedures in science". This is indeed the aim of any critical Marxian investigation.

Yet in the discussion of what he calls the "two aspects" of my thought, my critic, it seems to me, gets caught in a self-made trap. He erects a Chinese wall between the objective and the subjective aspects of the Marxian theory of revolution (of which my study was meant to be a kind of further theoretical elaboration). It is quite true that Marx sometimes defined his terms in an apparently too objectivistic manner of speech, e. g., when he stated that "a formation of society never perishes until all the forces of production for which it is wide enough have been developed." An orthodox Marxist might indeed conclude from such a statement that in any case in which the workers did not embark in a revolutionary fight when there seemed to be a fighting chance this

fact must be explained by objective economic necessity. It would then be possible to "knit together" the two apparently contradictory statements contained in my analysis (that capitalist society did not perish after the collapse of the first world war because it was not destroyed by a successful workers' revolution, and because it had not, in fact, developed all the forces of production for which it was wide enough), by the conceptual link tentatively suggested by my critic, i. e., by stating that "the workers did not revolt **because** of this (objective) Marxian law."

All these highly sophisticated intellectual manipulations, however, become entirely superfluous as soon as we base our theory not on a verbal repetition of a few isolated phrases of Marx but on the whole of his work. As I pointed out in my recent book on Marx (and as Lenin pointed out in his criticism of the "objectivistic" Marxian theory of Struve), Marx presented a history of society both objectively as a development of material production, and subjectively as the history of a class struggle. There was for him no contradiction between those two

sets of terms, and there need not be for us so long as we use the new scientific concepts of Marx not as so many dogmatic prescriptions but as new tools for our unbiased empirical investigation of historical facts. Marxism, properly understood, "is nothing but a wholly undogmatic guide for scientific research and revolutionary action. Whatever a future historian or philosopher may have to say about the degree of revolutionary maturity that had been reached by capitalistic society in Marx's time or at the present time, there is no doubt that from the scientific viewpoint of Marx's revolutionary theory the workers must, by their own conscious activity, finally prove the objective (economic) maturity of a given historical phase for a successful proletarian revolution.

The same holds good, as I tried to show in my paper, for the counter-revolution. A counter-revolutionary movement will not prevail seriously and for a long time unless there is still some objective possibility for a further evolutionary development of a given type of society, though there is no longer any chance to achieve those evolutionary steps through the traditional methods hitherto applied by the so-called reformistic parties and trade unions. On the other hand, a counter-revolution will succeed only after the complete exhaustion of the revolutionary forces. The counter-revolution is, as it were, contemporaneous with a potential genuine revolution. Both become possible only when the traditional forms of evolution by evolutionary methods are no longer workable and an objectively revolutionary situation has thus arisen. In this situation when society seems to have reached an absolute impasse, the forces working for a genuine revolutionary solution of the existing crisis will either triumph over the forces of the status quo, or they will be met in battle by the new forces arising from the revolutionary conditions themselves, the forces of the counter-revolution.

But, my critic will say, how does the Marxist know that the present-day Fascist movement is a counter-revolutionary movement? Does he not attach his counter-revolutionary label **beforehand** to a historical movement, as yet unexplored, and

afterwards re-define a "counter-revolution" on the basis of analyzing that same movement, and thus, in fact, derive his whole "law" by way of an induction from the single instance of "our time"?

I confess that I see so many reasons for describing the present-day Fascist and Nazi movement as a "counter-revolution" that I am at a loss to fully understand my critic's objection. First, there is no other way of making a definition (scientific or otherwise) of any term but to define it — although it must be understood that in formulating his definitions the scientist does not proceed haphazardly but is (as most aptly expressed by Henry Poincaré) "guided by experience". Starting from this principle I think that as soon as a distinction between a genuine revolution and a "counter-revolution" is introduced at all, there can be no doubt of the reasonableness of defining as "counter-revolutionary" a movement, that is either directed against a preceding "revolutionary" movement, or, in a critical (objectively revolutionary) historical situation, aims at preventing a threatening revolution. There is no doubt, furthermore, that the movements led by Mussolini and Hitler represent just that kind of a movement. As Hitler himself said when he stood on trial for his Beerhall-Putsch in Munich, 1923: "If I stand here today as a revolutionary, it is as a revolutionary against the revolution."

With my critic's permission I should like to further elucidate this point by quoting from an article published in Vol. XI. No. 2 of *The Modern Quarterly* (Winter, 1939):

"More than any preceding period of recent history," I wrote then, "and on a much vaster scale, our period is a time not of revolution, but of counter-revolution. This is true whether we define that comparatively new term as a conscious counter-action against a preceding revolutionary process, with some Italians and their ideological forerunners in pre-war France, we describe it as an essentially 'preventive revolution'. It is counter-action of the united capitalist class against all that remains today of the results of that first great insurrection of the proletarian forces in war-torn Europe which culminated in the Russian October of

1917. It embodies at the same time a series of 'preventive' measures of the ruling minority against such new revolutionary dangers as have been most conspicuously revealed by recent events in France and Spain, and which are actually contained in the whole European situation, be it in 'red' Soviet Russia, Fascist Italy, Nazi Germany, or any of the old democratic countries."

During the two years that have passed since this was written, historical experience has furnished further reasons for describing our time as a time of counter-revolution, and for deriving from its scientific analysis the historical laws of the modern counter-revolution. Yet I will let my critic into secret. Through an extensive study of former epochs of great social transformations I have indeed found, far back in remote historical periods, many striking instances of events that seem to be very closely similar to those connecting the present-day Hitler-Mussolini-Stalin counter-revolution with the deep crisis of the existing capitalist system and with the last 20 years of threatening and at times successful, outbreaks of a genuine revolutionary movement. A closer study of those various historical forms and types of revolutionary and counter-revolutionary developments seems to me extremely useful for the proper understanding of the phenomena and laws of the revolutionary cycle of our time. I do not think, however, that a scientific theory of the revolution (or, for that matter, of the counter-revolution) of our time could be improved by applying it to social transformations of all epochs and all countries. Rather, it would be diluted and would lose all of its scientific and practical value in the process of that dilution. Thus, what my critic is inclined to regard as a scientific deficiency of the Marxian approach (the emphasis on strict historical specification), seems to me its very scientific advantage, its dearly-bought materialistic sobriety and its greatest glory.

Last but not least my critic regards as "fantastic" any argument that would "complain that a war has not been total enough" and would "urge a break in the restrictive for-

ces in order to achieve the social revolution". Yet he allows for the possibility that neither **Alpha** nor myself even indulged in that fantastic idea, and calls attention to the "much more acceptable" conclusion found in the last sentence of my paper according to which, in both war and peace, the productive (and destructive) forces of modern society can be turned to their full and unfettered use only if they are used **against** their present-day monopolistic rulers.

I am afraid that here I must disappoint my polite and amiable opponent. It is true that the two statements just quoted do belong together. If we indulge for a moment in the philosophical slang of Hegel, we might even say that they are "dialectically" identical. Yet this does not mean that we can forget the unpleasant first statement and concentrate on the "much more acceptable" second one.

Of course, we all agree with the proposition that war, even in its fully developed form ("total war"), belongs to the capitalist system and will in any future socialist society worthy of the name be remembered only as an almost-forgotten atrocity of the barbarous past. For the purpose of the present discussion, however I must insist on the fact that so far we have not reached that glorious goal of the future but live in an epoch of victorious fascist counter-revolution. In this epoch the workers have been deprived of their former right to withdraw from cooperation in capitalist production in time of peace. In this epoch, the good advice given to those same workers (disguised as soldiers) to withdraw from cooperation in the capitalist war and to turn the mighty weapons of modern mechanized warfare against the ruling classes themselves amounts only to an empty phrase. Yet the same phrase assumes a realistic meaning if it is read in connection with those other sentences which point to the inability of counter-revolutionary fascism to fully develop the gigantic forces of modern industrial production (even for the purpose of destruction, and which, to my critic, seem too "fantastic"). To grasp the meaning of those other propositions, we must remember the

arguments that were used in pre-fascist times by the revolutionary workers and their theoretical protagonists in their "materialistic" criticism of the existing capitalist system. From scientific socialism's materialistic point of view it is not enough to attack the capitalist system on the ground that socialism is better than capitalism (or, for that matter, that socialist peace is better than capitalist war). The more intelligent argument of the socialists against capitalism was that the ruling classes showed themselves increasingly unable to apply and to develop the productive forces of society even in their existing capitalist form. They used to admit that capitalism had fulfilled a progressive historical task in the past, but they insisted that in its further development capitalism had become unable to fulfill even that restricted historical task.

It is easy to see the importance of this argument in a discussion of the capitalist war and, more particularly, in a discussion of the present fascist war. During all previous phases of capitalist society, warfare had been one of the indispensable forms of capitalistic progress. If it can be shown that under present conditions of monopoly and state capitalism war no longer performs that comparatively progressive function, it is for the workers and the soldiers to point to this evident failure of the ruling classes to attend properly to their own business.

In spite of possible further increases of violence and atrocities

before it is ended, this second world war has already revealed the fact that the so-called totalitarian powers are quite as unwilling as the so-called "democratic" powers to unleash the furies of that "total war" which they formerly regarded as the ultimate solution of all their tremendous difficulties and loudly proclaimed as the glorious compensation for all the tortures they have inflicted upon their suffering peoples. It is the great secret of the present war — a secret as carefully guarded by the fascist aggressors as by the democratic defenders — that a totally unrestricted war would result in a gigantic increase of the social and political power wielded by the workers in uniform and thus by the working class in general. By revealing this secret, a Marxian analysis of the fascist counter-revolution does not (as my critic suspects) complain that war has not as yet been total enough for the purpose of the social revolution. It points only to the new impasse from which capitalism cannot escape even in its present rejuvenated fascist and counter-revolutionary form. Only in this context, and not as an isolated statement, will the urge to break the restrictions that impede the full development of the productive forces of present-day society in peace and war transform itself at a given historical moment into the urge to use those unrestricted powers **against** their rulers for the purpose of a genuine proletarian revolution.

K. K.

IN THE NEXT ISSUE OF LIVING MARXISM:

Dialectical Materialism in Thought and Society.

Discussion on Lawrence Dennis's "The Dynamics of War and Revolution".

AMERICA, ASIA, EUROPE and the Problems of the Pacific.

Economics of State Capitalism.

LONG LIVE THE WAR

One year of war has changed quite a number of things, but as yet not enough to allow a convincing prognostication of further trends and the eventual outcome. Of course, the general lines of development may be vaguely predicted, just as it was possible to forecast the outbreak of the war by a serious consideration of fundamental capitalistic contradictions.

Predictability is limited. Questions that bother people most can be least satisfactorily answered. It means very little to them to know that eventually capitalist war production will exhaust itself as did peace production; that in the end some kind of re-arrangement will have to be forced or agreed upon by the rulers of the war-tired populations or by the people themselves. Assurance that out of the present there will evolve new social and productive forms, creating different problems and situations from those which led to the war and determined its character, is easily accepted, but without enthusiasm. To be aware of the obvious, to know that what exists today will not endure, is not particularly consoling.

The people are far more eager to know whether or not Hitler will invade England before the onset of winter; whether America will or will not within a short time enter the war, and what situations they will have to face in the immediate future. Though H. G. Wells in his recent book "The New World Order" called the present war — with a nowadays rather rare objectivity — merely incidental, and the thing of real importance the great need for socialist re-construction of the world, it will, nevertheless, be quite difficult for people crouching in air-raid shelters to balance the terror of scream bombs with this longview historical attitude. If the war is only incidental, so also are the lives of hundreds of thousands of people. The present chaos, not its final meaning interests those who see curtains of death being daily lowered from the skies. The great historical perspectives they gladly leave to the historians; they question the next morning, and the greater the chaos the less visionary and the more narrow-minded they become.

And this is as it should be; otherwise there would be no hope. It is an often observed fact that any war for unfamiliar interests, foreign ideals, and abstract concepts eventually contracts to a mere struggle for a bare existence. When large and decisive masses realize through the bitterest experience that no escape is open, that not some but all must suffer, then the revolt against death sets in. There were gladiators in ancient times and today there are suicide squads; but there never was a whole population determined to end its existence. The war will change its course towards peace if it really and decisively affects the greater part of the masses.

However, after one year of warfare, and despite all that has happened in Europe, it seems that this war has been kept within boundaries controlled

by the ruling classes of the world. What would certainly have meant an end of the war twenty-five years ago indicates today only its serious beginning. Bringing the larger part of continental Europe under German control, or in some form of coordination with her, has not weakened the German war machine, but has rather increased its striking power and its resources. The defeat of France has not limited the theatre of war, but only shifted the scenery. The more restricted the war will be in Europe, the more it will expand in other parts of the world.

At this writing the most dramatic acts of war consist of the bombing of English cities, harbors, railway-junctions, depots and factories. No one knows whether the German invasion of England will follow, and what chance it will have. Such things are much more quickly decided upon and undertaken nowadays than, for instance, it takes a group like ours to write, print and ship a magazine. The question as to the further turn of the war depends on military-economic considerations, evaluations and gambles over which no individual, particular group, state nor power-bloc has any decisive control. Hitler's boast that he alone is going to decide when the war will end is an empty propaganda gesture. His own decisions, as well as those of his adversaries, even if made by them, have also, nevertheless, been forced upon them.

II

There can be no doubt that at present the invasion of England will be a costly and difficult enterprise. It would in all probability please the Germans better if they could reach a peace favorable to themselves without the destruction of the Island. It is by no means out-of-the-way to assume that Germany's momentary advantage in air-power and air-bases (provided this advantage can be maintained), the continuous disruption of shipping, production and distribution, the loss of world-trade, and the demoralization of the population may sooner or later force England to see in a Hitler-peace the lesser evil. However, it seems that the opportunity for a compromise solution has already been passed up, and that any attempt to steer the ship around would presuppose a political revolution of the greatest magnitude. The forces for such a revolution are not visible.

The question as to what is going to happen further in Europe is closely associated with America's attitude towards the war, for the present struggle between England and Germany is now only a part of the struggle between Germany and the United States. Present procedures in the U.S. House and Senate are certainly strange. Strange are the quarrels about the different draft-bills proposed and enacted. Strange also is the behaviour of the press. While one part feigns an anti-war sentiment, the other sees Hitler's armada already crossing the Atlantic; but both know quite well that all their gibberish is absolutely meaningless, and neither deals at all with questions of the war, but only with the coming election fight. The war, despite all the talk about it, and the character of the war, despite all the political bargaining connected with it, are already decided upon and

arranged for. It is only a question of convenience as to when to enter the conflict openly. The fake-isolationists hope only that formal peace lasts long enough to defeat the New Dealer. But Mr. Willkie doesn't dare to speak any other than Mr. Roosevelt's language. He knows that the question of war is independent of the outcome of the elections, or of the will of the people. Whoever doesn't know it will soon be made to.

Because of this situation, because of the fact that this war is America's as much as it is Germany's, England is already defeated in more ways than one, long before the first Nazi barges have touched her shores. After the fall of France there remained for England no other choice than that between two masters; she chose the more familiar. Since then she has been in the same relation to the United States that France formerly was to England. And as England was quite willing to "fight to the last Frenchmen", so America is not reluctant to fight to the last Englishman.

III

Illusions are nourished not by dreaming of the future but by thinking about the past. England's long rule, her present status and remaining opportunities, make it very difficult to imagine that she is doomed, that the Empire is breaking up. It is nonsense to blame her age for the present troubles; England is as little "decaying" as Germany is "rejuvenated". She loses her proud position in the frame-work of world-trade and world-power not because of any senility on her part, but because the old frame-work of world-economy is collapsing. The power centers of yesterday lost their force because the weapon of competition has lost its strength in a declining capitalist world. All foreign policy based on traditional successes has become meaningless. New power constellations arise no longer based on, or forced to obey, the rules of yesterday (i. e., free-trade, and the balance-of-power policy which secured England's rule), but based rather on political-economic forms and activities designed to secure capitalist exploitation by breaking, if necessary, all capitalist rules hitherto held unassailable.

England entered this war much stronger than she was in 1914. Everything seemed to favor her cause; the future could only be one of increasing military and economic strength. By 1941-42 she would have been powerful enough to enforce upon Europe an English peace. The German offensive, as soon as it had spent its force, would then be broken with a powerful counter-offensive. Money-diplomacy would meanwhile encircle Germany and secure the force of the blockade. England, despite all her stagnation since the beginning of the century, was still the richest country in the world and controlled the greatest Empire.

But, though England could justifiably feel quite secure, she could do nothing to prevent the approaching Armageddon brought about by the never-ending depression in many countries, especially in Germany, in the wake of the last war. She could do nothing because she could act only in her own interest; she could succeed only in keeping what she had. As long

as the whole world economy was expanding, English privileges, though they hindered the development of other countries, did not hamper them enough to force them to challenge English dominance. The power that England possessed allowed her a dominant influence on world politics. She drove other nations into war and defeat, but secured peace and success for herself. But eventually the unsolvable world crisis of capitalism proved to be the unbeatable enemy of English capitalism.

IV

If, however, Hitler today blames England for all the evils in the world, as yesterday he blamed the Jews, and if he gets especially excited over the British conspiracy which prevents Germans from drinking their coffee, he is nevertheless, blaming the wrong cause. He has to state false reasons for the miseries of the German workers because he would not be Hitler if he pointed in the right direction. Hitler and the war are there because the people will not and cannot see the real reasons for their troubles, and hence find the right solutions. Previous history has created institutions, social, economic, and national, which force people in their practical, direct activities to proceed as if these social, economic, and national institutions were unchangeable and beyond their power to alter.

There is no choice: "While airplanes whirled in combat over London," reported the *Chicago Tribune* (9/10/40), "the directors of the Decca Record Company, Ltd., met in air raid shelter and declared an initial dividend of twenty-five per cent on the company's ordinary shares". There is no choice: Their homes in ashes, their children blinded, their wives hysterical, nevertheless the workers, today as yesterday, march to work to produce more instruments for their enslavement and destruction. There is no choice: The editors and the artists of *Punch* and *Lustige Blaetter* have to keep on making jokes in order to live, and it makes no difference to them whether people laugh over collapsing buildings or over spilled milk.

There is no choice for the workers, the bosses, the soldiers, the priests, because capitalist society is not social; because for each individual altering things means risking his profits, his income, his wages, his life. Each one must, if only to keep what he has, fight mercilessly and continually for more — and against others. In such a society there can be no common interests, there can be no peace, but only different forms of warfare. The fight against hunger may change into one with guns and poison gases, the struggle of all against all may change into struggles of groups of nations against other groups of nations — nothing has changed. What asserts itself here is still the only thing that is "social" in capitalist society.

Even if this truth is understood it cannot be acted upon. As individuals, people can only act as they do regardless of what they may think. Their "capitalistic individuality" cannot be destroyed, unless capitalism is first done away with. "We can cease being completely swinish only when some catastrophe strikes us." The magnitude of the catastrophe necessary may

be guessed by a mere glance at the European scene. The people continue to work and die for a cause they cannot really understand, because the real hysteria of suffering has not as yet displaced the artificial hysterias of current slogans and beloved symbols. The war goes on, though nothing can be gained. It goes on for the sole reason that, under present conditions, it cannot be stopped.

But capitalism is tottering. The governments may guarantee replacement of the workers' possessions destroyed by bombers, they may insure capitalist property, conscripted and used up, with the profits of the future; they may promise whatever they like, they will not be able to make good on any of it. People fleeing barefoot and in nightshirts from bombed cities only to be machine-gunned by the dare-devils of the air — so favored by the girls — are bound to lose their capitalistic individuality, that is, the ideology which urges them to do to everybody else, what everybody else is doing.

Hundreds of volumes have been written to solve the 1914 war-guilt question. Hundreds more are in preparation — some have even been published — to determine what and who caused the present debacle. In 1914 it was Sarajevo, a Germany misinformed of the contents of an ultimatum to Serbia and encouraging the Austrian Monarchy into an adventure that released all the war dogs of the world. Today it is Hitler's character the German revenge-idea, fascist aggression, or more directly, Poland's unwillingness to come to terms with Hitler in a stipulated period of time, a memorandum too hastily read by von Ribbentrop to Henderson, and many other things. By such means the war guilt will never be established and one may as well declare that war is not willed but destined.

And it is destiny, though man-made destiny; but it appears as if willed by the gods. For though the social, economic, and national institutions are apparently unchangeable, they nevertheless change continually. But they change, so to speak, behind the backs of the people; that is, they determine the real social process without allowing for the correspondingly necessary conscious adaptation of individuals to altered situations. The atomization of society — where each one has to act against all others—allows for development only at the most enormous sacrifices of life and happiness. As no one wants to fall into the abyss, he tries to push the next one down. Society marches on by way of the incessant struggles of her creators.

V

Things have changed considerably, though the full meaning of the changes are grasped only belatedly. For instance, it is only now, with the second world war raging, that it becomes possible to appreciate fully the significance of the first. Was it an accident, was it the *Lusitania*, was it the foreign-loan policy, was it Wilson's hatred for the enemies of democracy which brought America to the side of the Entente and helped her to win the war? None of this. It was American imperialism pure and simple

attempting to participate in the first great round for the re-division of the world to suit the requirements of an altered situation. In that battle expanding imperialist Germany lost. But the kill was meager and the hunters many. France and England took their share, recognizing quite well that America—old Uncle Shylock—had already pocketed all there was to be pocketed. Out of the war America emerged no longer a debtor nation but a creditor nation, no longer the capital-importing country in the process of construction, but the capital-exporting country looking for profitable imperialistic investments.

The expansion America experienced during the war was still further accelerated by the boom after 1921. Expanding America seemingly had found the answer to all capitalistic problems. It was the more celebrated until 1929 because of the fact that during the same time English economy stagnated, European economy declined. England's attention in Europe centered on France; in the world, on America. England tried to check the growing continental power of France with the support of Germany; she tried to check American imperialism by fostering Japanese interests in the Far East. She fought for both, for the control of Europe and for her old position in the world. But she fought a loser's battle. England, the world's banker, slowly had to make room for the new banker, America.

War debts and billions of other credits could no longer be paid, however, because (among other reasons) America not only lent capital but exported those commodities on whose export the European nations were also dependent. Europe found itself in a continuous crisis; even English profits declined and sometimes disappeared altogether. England could live on her large reserves, but her position as world-financier was slowly lost. With this her political power also declined. The strength of the capital-poor nations such as Germany and Italy increased correspondingly, and by changes of economic policy and political assertions it became possible for these countries once again to challenge England's rule in Europe.

However, what had now become possible by the decline of English power—that is, a European re-organization favoring the capital-poor nations — was no longer of real avail. The economic and therewith the political problems of Europe could no longer be solved by continental re-arrangements, but only by those which had the world for their base. But the European re-organization was a necessary prerequisite to the re-organization of the world. If England could still stagnate—thanks to her enormous wealth accumulated during better times—this was not true of other European nations. The capitalistic necessities of Europe demanded some form of united European economic policy able to operate against the expansion of American capitalism; but private capitalistic interests, and the diverse sources of profit-appropriation in their specific, historically-determined, nationally-oriented, and quite rigid character, excluded the fulfillment of the "real capitalist need". Or rather, what "theoretically" could have served as some kind of capitalist solution, was practically precluded because of the fact that capitalism is capitalism. All that it was possible to reach in

Europe that resembled some form of cooperation was a League of Nations dominated by England and serving exclusively the needs of the nominal victors of Versailles. But even this form of distorted "collectivism" was recognized by America as foreign to her own interests and was consequently sabotaged.

England had the Empire. The Commonwealth of Nations spread all over the globe. She was neither willing nor able, for fear of losing the Empire and her favored European position, to pool her resources with the meager offerings of the impoverished continental nations. At any rate, and for whatever additional reasons, history proved the impossibility of a European economic union. Despite all talk of Pan-Europe, the post-war period was one of increasing national frictions, of plot and counter-plot, of increasing suspicion and fear—with each nation acting like a lone wolf. England, however, as the main obstacle to European unification, was duly rewarded for her services to American capital with promises of support whenever needed and with special tariff considerations that benefited her exclusively.

VI

If anything, the long American depression indicates sufficiently that expansion within the country has reached its barriers. It indicates too that capital export for exploitative purposes is a greater necessity than ever before. But the traditional capital-export policies have come to an end; the commercial imperialism must be replaced by open military conquest. It is true that the old imperialism was also accompanied by military action; colonization was one form of military conquest. As soon as capital is invested, the question of protectorate arises. But the new imperialism "protects" first and invests later, if it invests at all, and does not simply appropriate what is there already.

This imperialistic need is the more pressing because the declining exchange between Europe and America offers no prospects of revival. The decline is not only due to world-wide crisis conditions, but more specifically, to the present economic "dislocations" (relative to pre-war conditions) which, however find their final explanation also in the general over-expansion of capital which brought forth the crisis. If America before the first world war exported mainly agricultural products and finished goods, she has since then become an exporter of everything under the sun. Tariff walls were erected against European competition. Year in, year out, America exported more than she took in return. The capital of the world flowed slowly into her treasury. Though this export-offensive was largely stimulated and made possible by loans and credits, which had later to be re-organized as losses, nevertheless the European economy was thereby increasingly disrupted. It was thereby disrupted, to repeat, because this process was no longer accompanied by a vast general expansion of capital.

American capital exports, helping in the industrialization of backward countries, reduced still further the decreasing opportunities of European cap-

italism. It made the backward countries more independent of European industry, destroyed further the markets for industrial commodities made in Europe. Those "old" capitalistic countries, unable to expand internally, were robbed of their remaining investment opportunities abroad. The same phenomena which had once spelled success and expansion now led to misery and decline. The growth of capital slowed down, that of competition was accelerated. If competition once meant a general increase in the formation of capital, it indicated now no more than its progressive destruction. It meant the growth of American imperialism and her inescapable interest in a Europe that was weak and divided. Although American capital exports also came to an end in the wake of the world crisis, and though credits for lack of security were no longer granted, the situation prior to the general stagnation drove the European economy to the verge of ruin.

This general trend, if not stopped, can lead to nothing but actual starvation in Europe. Europe needs foodstuffs, it cannot feed itself. To get foodstuffs it must export. Hitler's "Export or Die" was not a propaganda slogan; its validity holds good for the whole of industrial Europe. But this export is hampered by the capitalistic needs of America, as, for that matter, it is hampered for each nation by all other capitalistic nations. Only because America, which cannot be checked by European capital, is the most powerful unit it is the arch enemy. Only because American imperialism is a necessity for American capitalism, and because the latter cannot afford a strong Europe, the sharpened general competition as a result of the world-wide crisis had to lead to new imperialistic attempts to solve forcibly the existing contradictions in the interest of the strongest powers.

Separate interests, the greed for profits continually interferes with the economic needs of the world. Coordinating the world economy to the needs and pleasures of the world population has become the most urgent necessity. But its fulfillment is precluded in a society dominated by class interests. The limited planning which can be enforced no longer suffices. The Balkans, under German control, may be easily forced to plan according to the needs of industrial Germany. Russia might be subdued in time and be obliged to coordinate her production with the needs of the Western Europe. Marshall Petain, not believing in any socialist future, has already announced that the slogan for France's salvation is "Back to the land; the peasantry is the real backbone of the fatherland". If Germany wins, it will not allow a further industrial growth of France exceeding German competitive needs and war requirements. India might be frustrated in her industrial development by whoever might rule her. Japan may control China's development according to her industrial requirements. All this goes on as the struggle of all industrial nations against all others. Planning on a national scale cannot compensate for the world planning now necessary, because it has no further meaning except as part of the general preparation for war. Planning merely on a national scale can mean only the further disruption of the already hopelessly disrupted world economy. National planners, so proud of their liberalistic or socialistic attitude with regard to national needs, are

no more than an appendage of the various general staffs of the world preparing for, or already participating in, the new slaughter now in progress.

Continental planning will not help either. It will only make it possible to really prepare for the struggle of continents against continents. A unified Europe does not mean a better world economy; it means only the opportunity for a capitalistic Europe to fight its American adversary efficiently. It means no more than the continuation of the present war or the initiation of another one. Those well-meaning people who today seem to see the solution of all the troubles of the world in a United States of Europe, under either German or English dominance, are only the first earnest advocates for the coming war of the hemispheres.

VII

Without this excursion into some of the fundamental capitalistic contradictions in their present-day appearance, most dramatically displayed by the opposition of Europe to America, it is not possible to understand the full meaning of the present European struggles.* On the verge of the present war two alternatives were given to England. One was to "betray" America and "democracy" and line up with Hitler for the co-ordination of European economy in the interest of strong industrial nations, and for a trade-war against America and the rest of the undominated world. Such a policy would sooner or later have evolved into a new world war, but not immediately. Such a policy, however, would most certainly have led to the co-ordination of the so-called Western hemisphere under the control of the United States, to the loss of the British possessions in this hemisphere, the sacrifice of Canada and possibly even Australia, and to the cutting down of English world trade to an extent that could not possibly be compensated for by the otherwise quite cherished friendship with Hitler.

Such a line of development would have meant the expansion of the Munich agreement. By sacrificing Czechoslovakia, England simultaneously sacrificed Poland, and consequently the whole of the little entente, the French security mechanism, and finally France itself. Under such conditions, Russia faced a war with Germany, unless it bowed down to the German demands, which certainly would have favored German rather than Russian interests. For England to continue Munich could lead only to the absolute German hegemony in continental Europe, which would transform England itself into Hitler's vassal. This course of development Hitler was aspiring to when he begged for English friendship.

This friendship he could not obtain, for all he could offer England was a lackey position within the new German Empire; with a Europe under

*As this article serves as a sort of continuation of the paper "The War is Permanent", in the spring issue of *Living Marxism*, it does not deal with all phases of the problems of the present war, but emphasizes those neglected or understated in the previous article, that is, the position of America in the present war panorama. We assume that our readers are aware of the first paper. If not, the spring issue should be read in connection with this article.

German control, the threat of invasion would always hang like the sword of Damocles over Britain's head. At least he could not offer more for a long time to come and nowadays political decisions have to be made for immediate purposes. In an unruly world the far-sightedness of the celebrated empire builders, their patience in consistently following planned lines of conquest is excluded for the present generation of politicians. The rush for the riches of the world no longer involves light-footed runners; it has been "democratized" and now resembles a general rush to the bargain counters of history.

There then remained the other alternative: To prevent in her own interest, and in conformity with America's need, the assembling of any kind of political-economic combination which could serve the urgently needed but unattainable capitalistic continental policy designated to postpone collapse. It is not only that America needs Britain because of the latter's navy (because America has not been able, nor has she found it necessary in view of her friendship with England, to construct a two-ocean fleet), that the collaboration of the two powers was possible and necessary, but that they also have identical interests in Europe proper. This collaboration with England is not forced upon, nor willingly accepted as a windfall, by the United States to serve her defense needs, but is adopted consciously as one method of imperialist interference in the affairs of Europe. Not only the fear that Hitler, after capturing the English fleet, will hurt American imperialistic interests — leaving aside the nonsense of an invasion in which only idiots believe — dictates the friendship between England and America; but much more so does the American policy of keeping down the possible European competition, which might take on dangerous proportions in the event of the realization of a centralized European economy, or a unified political activity.

It is often said that Wilson was extremely disappointed in the results of Versailles. But there was no reason for it. In politics one must always be two-faced; in bargaining as in poker one must not betray his own feelings. It is quite conceivable however that Wilson was not really aware of what he was doing when he proclaimed and insisted upon the right of small nations for their national independence. The principle of self-determination, of course, was never practised by America south of the Rio Grande, but for Europe to oppose it was a sin against the highest moral of democracy. Just as little as Wilson might have known what really was behind his abstract concepts did the Kaiser, letting others fight for the glory of the greater Germany, know in 1914 that in actuality the first world war was a struggle against American world-rule and for the reconstruction of Europe. The maintenance of an impotent, broken-up Europe, was the sole content of all American policy in Europe. The loan policy too was essentially an instrument to that end. And all the while centralization celebrated triumphs in North America, Dollar Imperialism penetrated deeper and deeper into South America, and millionaires seemed to grow on trees.

VIII

Both England and America, then, were and are the bitterest enemies of a European reconstruction which can only be brought about — because of the many opposing vested interests dependent on the maintenance of given national units — by way of warfare and the hegemony of the strongest power. Germany's position in central Europe, its large population, its highly advanced industrialization, and for all these reasons its greatest expansive need is that power which could successfully dominate and, if at all possible, coordinate Europe to resemble some sort of an economic bloc able to compete with America on a more equal level. Germany not only works in this direction, however haphazardly, but has to, or it must perish as a power nation.

It is true, however, that though America is not the only competitor, it is the most important competitor for European capitalism. It is true also that the deterioration of Europe's competitive position is only one, though the most important, of her problems. All other problems are more generally connected with the difficulties of capitalistic production as a whole; but the line-up in the present war, and its immediate consequences, are most directly related to the rivalries between England and Germany, Europe and America.

Until the time of the first world war there was a kind of international economy with Europe as the workshop, banker, and trade-agent of the world. The income of Europe was continuously and quite decisively augmented by the proceeds of the exploitation of backward nations and colonial people. Declining profit rates were bolstered by banking interests, trade profits, insurance rates and other forms of appropriation. The decline of such incomes through the self-development of South America, Asia and Africa, dependent or independent of the rise of American capitalism, only further accelerated the European difficulties. This decline in profits from abroad must be taken into consideration in any attempt to understand the present European situation. Otherwise it is quite difficult to explain the present impasse, because the decline in industrial production, export and import, as statistically established, is not very great. This relatively stable situation is quite misleading, unless one recognizes that this stability was "sufficient" only when augmented by additional profits derived from the labor of other countries. Furthermore, this stability itself is merely a crisis indicator, because only a progressively expanding capitalist economy can be a prosperous capitalist economy.

England benefitted most from this world-wide exploitation. Europe's special position in the world made England's position secure. The breakdown of this Europe-dominated world economy implies the breakdown of an England-dominated Europe. National politics are thereby ended; the continuation of nationally oriented politics is a swimming against the real stream of events. It finds its end in exhaustion. Though Germany, too, professes to serve nothing more than her national interest, her position in

present-day Europe in connection with the present world situation forces her, so to speak, against her will, to go beyond her national interests by serving them most directly. The bastard-form of a European federation is possible only by way of Germany's success and such a federation would hasten the decline of England.

Yet, it cannot be opposed by England with any measure of success. It is conceivable that Britain might have been able to prevent the new rise of German imperialism, but only by favoring French imperialism, which in that case would have attempted to bring into being some kind of pseudo-federation under French hegemony. A complete subjugation of Germany would have been necessary in that case, but France was prevented by England from bringing this about. There was no lethargy in English politics which might explain the return of German imperialism. It was the energetic and consistent continuation of her balance of power policy which could not take the altered situation into account, because its sole purpose was to prevent all alterations. Besides, there was Russia, a state-capitalist system in a world of private property interests, showing all backward countries by her very existence that it was possible to escape a colonial or semi-colonial status. German capitalism and militarism could not be extinguished altogether without increasing the imperialistic potentialities of Russia. There were increasing difficulties in Asia, and a number of other problems. To blame English statesmen for her present impasse may be amusing, but it cannot serve as an explanation for the forces that hung the Dead End sign on the country. No longer able to determine the course of European politics, England became an island not only in the geographical but in every sense of the word. The new economy based on bayonets ripped to pieces the trade-web of money and investments.

It is not that capital has lost its power; as a matter of fact, it is the lack of capital which is the basis of the whole dilemma. It was the lack of capital which prevented the needed modernization of European agriculture, which limited the necessary capital expansion, and therewith prevented a relaxing of the tensions which led to the war. No European customs-union can really compensate for that capital shortage which led to the brink of starvation, and yet could call forth no other measures than those which made the bad situation worse. The time when the absence of tariff barriers and other trade impediments could give essential advantages to big industrial nations has already past. A custom-union may help, but it still amounts to no more than a drop of water on a hot stone. It will not solve the real problems. As a drowning man grasps at a straw, so governments too will do what they have to do without questioning the final value of their acts.

The need of and the possibility for alleviating, if only temporarily, some of the economic and social frictions infringing upon the profitability of European economy determines the actions of the new fascist rulers. The "automatism" of traditional capital investment and trade policies did not need to be replaced; it did not work any longer. If investments do not shift

whole populations according to the private requirements of private investors, populations can still be shifted by a mere command of the dictatorial governments. If people can no longer be exploited through the market mechanism, they can be ordered to work at whatever wage the governments see fit to pay. The market mechanism was after all only one mechanism for the successful exploitation of labor; the new fascist mechanism serves this purpose just as well, though it partly eliminates those exploiting elements which were too closely connected with the old system, in favor of new exploiting elements which adapt themselves better and quicker to the new one. It eliminates those people not only in territories where the "new economy" is practised, but also where the "old capitalism" still prevails. The trade between European nations and Europe's trade with the world is the more disturbed the more it becomes "managed". On the basis of "mixed economics", clearing agreements, and barter deals, international trade cannot be enlarged, but can only be prevented from disappearing altogether. It becomes more difficult for the "rich" nations to use their capital to their own advantage. It does not enrich the poor countries, and it eats into the capital of the rich. Totalitarian economics injected into free-trade leads to an economic world mixture much worse in its results than either system could be by itself. "If Marx saw capitalism's hair graying, and its teeth falling out," *Herbert Heaton* remarked recently, "perhaps today he would say that its hair has turned gray overnight from the shocks of the last ten years, and that its teeth have been knocked out in a concentration camp."

What is now needed to bring into the world economy some kind of order which would enable people to speak once more of progress in social development can neither be done by democratic nor by fascist capitalistic methods and goals. The existing disorder has reached a point where only radical solution can help. The whole value production and value exchange has to be done away with, in its monetary as well as its barter form. After all, the fascist production of "use values for use" and exchange by barter agreements, the attempt to clean labor of its commodity character by giving it a modernized slave form has not changed one iota the fundamental capitalistic social and economic relations. The production of "use values" serves production for profit as always, the barter system exchanges less for more labor, work is still exploited as before — only more so. Value production and value exchange must and can disappear only with the ending of class relations. Only because of the existence of the latter can the former not be seriously challenged, must the terror increase. Only then, when the fulfillment of the needs of the whole, not the symbolized whole of the state but the whole of society, is considered the pre-requisite for the satisfaction of the needs of the individual — and this in the restricted sense of the social relationship in any particular country, as in the large sense of the territorial relationships in the world economy — will it be possible to speak of the beginning of a new era of social development. Nothing short of this radical solution will help, and because it seems that we are still far away from this solution, it is not possible to find one single optimistic note in the present concert of hell.

Without such a radical solution the war may change its forms; it will not be ended. The only development possible now is the development of warfare. After the defeat of France, the continuation of the war meant the incorporation of England into the new American Empire. Short of the quite improbable occurrence of an internal collapse of Germany, there seems to be no possibility of defeating Germany by military means for some time to come. The military aspects of the war between England, Germany and Italy can indicate, if anything, only the military defeat of England. However costly an invasion of England may be, it will be undertaken if it proves to be a necessity for Germany, or if unforeseeable occurrences make it opportune. If England restricts herself to mere defense measures, if her aerial and naval tactics do not harm Germany sufficiently, it is not unthinkable that Germany will try to wear England slowly down rather than end her present existence by blitzkrieg methods. Even at this late hour a peace of compromise is not altogether precluded, and such a peace would split at least part of the English interests away from America. To exclude this possibility America must help England to a far greater extent than it has done so far. The greater this help, the greater the need for Germany to attempt the invasion.

It is no longer true that "England expects that every American do his duty". Rather the opposite conforms to the facts. If Roosevelt's frontier was once the Rhine, his shock-troops are now certainly on the Thames. This far-sightedness is the more astonishing because of the prevailing general short-sightedness, which does not see that the Stars and Stripes fly high above the Union Jack. It was rather superfluous to change the colors on the destroyers and tanks that were sent over to Canada.

To increase Germany's difficulties, to keep her occupied in Europe, America must help England — but never decisively. Aside from the question as to whether America is as yet really able to grant decisive support to England, she only hastens the military necessity of invasion by so doing. More than on anything else invasion depends now on American actions, on her possibilities to supply England with war materials, on her desire to keep Germany's striking power bound to the English scene. If America's help is not sufficient to increase England's military potentialities during the coming months to a point where her actions become unbearable for Germany, the latter country might consider it more important to fight England somewhere else than on her own ground. Spain's present attitude that suggests participation in the war on the side of the axis, the Italian offensive in Egypt, the attempts to take the Suez canal and Gibraltar which will follow, the closing of the Mediterranean to English shipping, together with continuous bombing of England proper — these and other tactics might weigh more heavily in the speculation of the axis powers general-staffs than the invasion itself. But any day they might also consider it better to take England first, and thus break up the Empire. The initiative is still on the side of the axis.

Whatever may happen or has happened, the war is already a war between America and the axis powers. The latter might be further strengthened by allying Japan to themselves. The taking of Indo-China by the Japanese army, the final blow against China now in preparation to free Japan's hands for the possible struggle with America, (a struggle which would relieve America's pressure upon Germany), all indicate that any outcome of the struggle between England and Germany will not bring about an end to the war. In case of a successful invasion of England, whatever may be salvaged — parts of the fleet, or the dominions beyond Hitler's reach — will become part of the United States. In case of a compromise solution, implying the formation of a fascist government in England, those forces able to escape the "new England" will continue to fight, but under the Stars and Stripes, just as part of the French Empire and the allied soldiers who escaped now fight under the English flag. In the form of military operations the war will then continue wherever the armies of the axis powers reach English interests; that is, in Africa, Asia, India. Between America, the axis powers, and possibly Japan, a naval, air, and trade war will be carried on.

Under such conditions the destiny of the Balkans will have to be decided between Russia and the axis powers. Russia will either have to continue her present relations with Germany, or fight against her — and hence against Japan, in case she should orientate herself towards the United States. Russia might be further appeased with parts of China, Persia, Turkey, and possibly even India. The Russian attitude towards the continued war will depend largely on the relations between Japan and America, on the progress the war will make in Asia. There are attempts on the part of America to come to an understanding with both Japan and Russia, as there are attempts made to include Russia in the expanding front of the axis powers. The probability of success is greater for the latter than for the former attempt. It is, however, not entirely excluded that at this time a war in the Pacific might still be prevented, if only by postponement, in case this should suit the most immediate interests of both Japan and America better. But as far as one can see right now, there seems to be a much greater possibility that, because America is much more concerned over the problems of the Pacific** than over her need to fight the coming German trade war, the war for the United States will be predominantly located in the Pacific.

Only with the isolation of Russia by reason of the German success in Europe is it possible for Japan to challenge American capitalism in Asia and in the Pacific. America's struggle against Japan is thus at the same time the continuation of her struggle against Germany. Germany's support of Japan is designed to weaken the striking power of the United States, and is thus a part of the as yet unfinished European conflict, as well as a

***The next issue of LIVING MARXISM will deal extensively with the relations in the Pacific.*

part of the coming trade-offensive. Despite all autarchy, national or regional, world economy has not come to an end; only now it spells world war.

IX

Aside from the question of whether the Nazi regime can sooner or later subdue and incorporate the free-enterprise regimes still existing in Europe, what has happened so far can mean only that America must face a deepening of the existing crisis conditions or adopt totalitarian methods in her internal and external relations. The world-wide economic struggle cannot fail to reduce the existing living standards and the demand for commodities, unless war economy displaces the crisis economy. The intensified efforts in all countries to produce for export enhances this need still further. The "normal" markets for America disappear with the progress of the war.

A victorious Germany will still remain in need of export outlets, in need of capital, foreign exchange and war material. Her economy will face a situation of general scarcity in everything — depleted inventories, obsolete industries, run-down railroads, and the need for more arms. This need cannot be satisfied by confiscations in Europe, nor by mere re-arrangements in distribution. The increasing poverty in the "new" Europe will allow neither Germany nor Europe to rest on the laurels of military victories. Expansion must go on, if only to utilize what has been won. But the further this expansion goes, the more difficult and the less profitable it becomes.

With the defeat of England the question of the re-distribution of Europe's colonial possessions will be opened. What is going to happen to Canada, Newfoundland, Greenland, the Bahamas, Bermuda, the French, British and Dutch West Indies, Honduras, Guinea, the Falkland and South Sea Islands, etc.? America is determined that they shall fall neither to Germany nor to Japan. There can be no doubt that with the defeat of England all European bases and possessions in the Western hemisphere will be seized by America. The enmity between Europe, Japan, and America will be thereby enormously increased.

But the coming Nazi trade offensive demands more than preventing German-controlled Europe from maintaining the old European possessions. South America belongs to the Eastern hemisphere rather than to North America. Its products are needed in Europe more than in America; its possibilities for trade with Europe are greater than with America. Barter agreements will move commodities where money economy has failed. American trade methods and tariff policies have emptied Latin America as well as many European countries of gold and foreign exchange. The German barter system offers a solution, as the gold will not by itself find its way back into countries with unfavorable trade balances.

By way of barter, clearing agreements, blocked currencies, and export subsidies Nazi Germany has been able to double her share in the foreign trade of raw-material-producing countries at the expense of England and

America. As American exports to raw-material-producing countries were of much lesser consequence than her export to industrial nations, the further reduction of the former seems to be of small significance. However, the picture looks somewhat different if one considers the inescapable need of Europe to import raw materials, and her inability to continue to be America's best customer. If there were the chance of a general capitalist expansion all over the world the decline of American exports to South America would be no cause for worry as it would be compensated for by increasing exports to industrial Europe. As it is, however, the possible losses in South American trade will accentuate the decline of American exports all over the world. It is then not so much a question of European competition in South America proper that is behind the present "rediscovery" of the South by the industrial North, but the inescapable need to combat, by combatting European trade in South America, Europe's competitive position all over the globe. Control of the raw materials of South America Canada and the Pacific regions gives America a decisive advantage in the world competitive struggle. By withholding raw materials and foodstuffs from German and Japanese industries, the ability of those countries to take markets away from America by way of new trade methods is considerably reduced. The complete control of the Western hemisphere by America is so powerful a weapon that the German dream of a world re-organization on her own terms becomes quite ridiculous.

The raw material hunger of Germany, Italy, and Japan cannot be satisfied with old trade methods, because those countries lack the necessary gold and foreign exchange to purchase them in the quantities needed by their industries. Nor for similar reasons can the hunger for industrial goods in less-developed countries be satisfied. Trade between Latin America and Europe as well as America declined rapidly with the deepening of the world crisis. However, the total exports of Latin America amounted to over 1.75 and 1.86 billion dollars in 1938 and 1939 respectively. Germany, France and Italy absorbed 15.8 per cent in 1938, and 11 per cent in 1939, 15.9 and 12.8 per cent of all Latin American exports went to Great Britain. In foodstuffs, four nations — England, Germany, Belgium, and Italy — alone took 79 per cent of Argentina's total exports in 1938, while the United States took only 9 per cent. Half of the income that the South American nations derived from exports came from Europe. A serious disruption of trade between Europe and South America makes the existence of both territories quite difficult.

The fact that South America produces what Europe needs, and Europe what South America needs, made barter exchange both possible and necessary. The more this kind of trade flourished, the smaller became the possibility for competition among countries still based on the gold exchange methods. With the decline of economic influence, political influence declines and therewith the value of investments in South America. The increasing independence of South America from its friendly neighbor points in the direction of grand-scale repetitions of the Mexican expropriation acts. Such

a situation, together with the improvement of Europe's competitive position by virtue of better relations between Europe and South America, would force American industry into retreat, strengthen the totalitarian forces now in the ascendency, and bring about alterations in private capitalism. Fighting the German trade offensive in South America, American private capitalism continues the struggle for its very existence, the first round of which has just been lost in Europe. The harder it fights fascism, however, the more totalitarian it will become.

The whole Western hemisphere under the control of the United States means the possession of war-material resources unequalled in the world — food stuffs, nickel, aluminum, zinc, copper, etc. Partial control of rubber and military co-ordination of the hemisphere puts America in a position where she can dictate the commercial terms in her world relation; that is, where she can demand her share of the world-created profits. Neither her gold nor her industrial advantages, but a militarily-secured monopoly over an important part of the world can now guarantee profit appropriations beyond those spheres under control. The Germans, Italians, and Japanese will no longer be trading with a number of independent countries, but with America, which can take her share from any of the possible transactions. In other words, American imperialism is out to continue to share in the exploitation of all the other workers in the world besides her own, just as the "new" Europe will be out to prevent this muscling in on the part of America, and to create a condition where the bulk of the world-profits move in the direction of Europe.

American trade weapons such as embargoes, monetary control, control of shipping and insurance, of tourist traffic exchange-and-tariff-manipulations, and her gold monopoly — all these weapons are no longer sufficient to secure world-wide exploitation for American capitalism. Nor will the measures taken to co-ordinate South America with American interests, such as have already been realized with regard to Canada, suffice in fighting Europe's trade offensive. An economic cartel of this hemisphere must control its entire production, not single commodities. To be really effective it cannot solve existing problems by bribing South American nations to abstain from trade with Europe and Japan. Loans granted to South America as compensation for losses incurred by the new imperialistic policy of the United States will be accepted, but the commitments connected with them will not be fulfilled. Some of the Latin American countries will blackmail America to grant ever-increasing loans which can never be repaid; others will refuse altogether to cooperate, since America could not possibly, in the case of the Argentine for instance, make up for losses incurred by a cessation of Argentine relations with Europe.

To fight Europe and Japan successfully the Good Neighbor Policy of the United States has to become still more neighborly; that is, as one reporter remarked, "The United States will be forced to put a little iron in the hand of the glove it extends to Latin America." And the Catholic

"Register" writes that "our business forces are going to drive our arms south into Latin America when Hitler's barter system starts to kill our trade. Self-defense is making us build up a huge armed forces; but never in history has any nation gone militaristic without also turning imperialistic." The excuse is at hand. Alsop and Kintner in their "American White Paper" say that "the situation is already acute. The immediate danger points are the largest and most important nations — the Argentine and Uruguay, Brazil, Chile, Mexico, and probably Columbia —. The State, War, and Navy Departments unite in believing that if there is an early German victory, it will be followed by German-inspired putsches in at least two and probably more of these countries... This will call for naval and military expeditions sent by the United States... And unless the Germans have obtained the Allied Fleets, the expeditions ought to accomplish their objective." Yes, they ought to, but this means the further militarization of America, and that means the growth of fascism by way of fighting fascism; it means the prolongation and the spreading of the war. For American imperialism, no less than German imperialism, means the further postponement of the only possibility to end continuous warfare — by ending the capitalist system of exploitation. American imperialism in South America, though designed for no other purpose than to make the world safe for American profits, will only diminish those profits still further. It will impoverish both North and South America and so will impoverish the world as a whole. The destruction of South American agriculture in the face of a starving world, the "plowing-under" on a now hemispheric scale of the surpluses created by the divorce of Europe from South America, the use of all industrial raw materials for almost exclusively destructive purposes — all this has to be "paid" for by the labor of American workers north and south of the Isthmus.

X

Though speculations as to the further course of world history are extremely interesting, they are by no means of great importance in so far as they concern the lot of the laboring masses. The question as to who will fight whom, who will be the winner and who the loser can mean little to people who have long since lost all they can lose and who can win nothing regardless of which side may be victorious. For so long as capitalist production relations are not done away with, in winning and defeated countries alike exploitation will be driven to the maximum; freedom and welfare will decline to the lowest point possible.

Also it no longer makes any difference to what policy one may subscribe, for the reality of today determines the actions of all individuals; and this reality no longer allows for any other policy than that fitted to the war-requirements of the various nations. How silly it is to say today that only a socialist America, or a socialist England, will be able to defeat fascism, to oppose Hitler successfully. Neither in England nor in America could a mere change of government, no, not even direct workers' control,

prevent the success of Fascism. To speak of a defense of America through an American socialism is beyond all serious consideration. Movements which could develop in the United States would have no socialist aspirations; they would be fascistic and imperialistic. To them belongs the immediate future.

For England, not a socialist government, but only a greater military power than Hitler's can defeat the latter. Because British socialism could not, merely by being socialistic, create such power socialism will not come to power; it will be defeated. To expect that German soldiers may revolt because of a change in class rule in England means to under-rate the power of the Nazi ideology. A change of class rule in England would mean the immediate defeat of England; it would be welcomed by the Nazis, and be killed in the act of her embrace. The presence of the Nazi force will transform a socialist into a state-capitalist fascist revolution, which will have to ally itself to the fascist imperialistic system dominated by Germany.

Only wishful thinking could assume that the next few years will present the opportunity for the rise of socialistic movements in the warring countries, or that the defeat of one or the other could be prevented by socialistic methods, or could be utilized for socialistic purposes. The anti-fascism practised by the existing labor organizations is in reality no more than the support of private property capitalism against the growing state-capitalist forces. This anti-fascism ends with the defeat of private capitalism. The anti-fascism capable of defeating fascism must be directed also against state-capitalism, it must have a real international basis and must involve the greater part of the world masses.

We are still far away from such a situation. It can, moreover, be created only by the continuation of general warfare, by the further disruption of all essential and vital economic world relations and by an increase in the existing chaos. Those most interested in peace and socialism will have to shout the loudest "Long live the war!"***

***The continuation of this article in the next issue will deal with the revolutionary tendencies inherent in the present world situation, and with the opportunities still left to us to work in the direction of socialism.

BOOK REVIEWS

THE NEW GERMAN EMPIRE. By F. Borkenau, Viking, New York, 1939 (\$2.00)

This little volume is packed with valuable information about the facts and forces behind the German expansion that led to the second world war. The book was written after Munich and before the actual outbreak of hostilities, apparently shortly after Hitler's invasion of Prague in early spring, 1939. For a few years the author had been a right wing member of the German Com-

munist Party, from which he was expelled about 1930. He has since published some interesting books on the civil war in Spain and a critical study of the Communist International. His new book makes even more evident his complete dismissal of any hope for a future victory of the revolutionary cause of the working class, which he had formerly temporarily adopted and tried to pro-

mote by an unquestioning acceptance of Stalin's leadership.

He shows by this book that he saw clearly enough the historical significance of the fascist challenge to "our whole western civilization". He early understood some of the "undeniable facts" that are only today, after overwhelmingly conclusive experience, being grasped by most people. He stated before the war began that an eventual success of the fascist attempt at conquering the world through revolution would be due not to force of arms alone but much more to "the weakness of the moral, religious and political impulses of the opposing side". Yet in his forecast of the possible outcome of the impending war, he allows for no other alternatives than a collapse of the anti-fascist resistance or an unexpected revaluation of what he describes rather evasively as a set of "values which had become somewhat timeworn". Even if, after a sweeping victory over half the world or more, the fascist regime eventually breaks down, this will result, according to Borkenau, not from a genuine workers' rebellion but only from a lack of stability assumed inherent in the fascist regime itself. It will then be followed by "some other regime not yet discernible". Thus, this book both describes the lamentable weakness of the anti-fascist forces today and itself serves, by its own thorough-going skepticism, to illustrate further that same despondent mood which pervades the whole of the so-called "democratic" resistance of the fascist counter-revolution.

There is another objection, this time from a strictly theoretical viewpoint, to Borkenau's otherwise admirable argument. Due in part to the fact that his book was written before the war began, its brilliant analysis of the methods applied by Nazi Germany in a tremendously efficient drive for expansion suffers from an under-evaluation of the essential unity of the different forms assumed by those methods at the various successive stages of their practical application. Here again, the author starts from a clear insight into the characteristic difference between the fascist forms of imperialis-

tic expansion and those applied in the past by Spain, Portugal, Holland, Britain, France, and the United States. The new German Empire of Hitler has never fought for colonies in exactly the same manner that Britain and France did, nor, for that matter, as pre-fascist Germany attempted to do under the Kaiser. Its policy of expansion resembles rather that of Japan and of Russia (both Czarist and Stalinist). Fascist Germany takes her own borders as the starting point of expansion. She aims first of all at conquering her nearest neighbors, and even during subsequent phases of her imperialistic expansion seems to strive for territorial conquest not so much as an end in itself as for the purpose of acquiring indirect control over much more widely extended areas.

So far so good. There have been, there are today, and there will be in the near future many illustrations of this basic feature of new German imperialism — an imperialism aiming not at territorial conquest *per se* but at comparatively small conquest that will yield a larger expansion of Nazi power by indirect control. Yet we must refrain from undue generalization about this particular type of German expansionist policy. From Borkenau's viewpoint, Hitler's occupation of the Sudetenland, the enforcement of a German dominated conservative government in Prague, and the creation of two small vassal states (Slovakia and Ruthenia) had been a correct imperialist policy — true to the new model of fascist expansion. But when, at a later date, Germany decided to strike at Prague and for all practical purposes to swallow the whole of the former Czechoslovakian territory, she was forced, according to Borkenau, to break with her tried and successful policy of "indirect rule" and was thrown back to the much more hazardous methods of pre-fascist imperialism. It would not be unfair to carry this line of reasoning further and draw the conclusion that not only was Germany later "compelled", against her own original intention, to invade Poland, to enter into an all-European war and into whatever might result from it in the future, but that the poor creature was also actually "compelled" to conquer the whole world, although she would

have been quite content with a much milder form of economic and political domination. This, by the way, is exactly what Herr Hitler himself would say.

A closer investigation of the facts presented by Borkenau, and of the developments that took place after the publication of his book, seems to show that it is much more appropriate and certainly more in agreement with actual historical events to regard those two forms of the German expansionist policy not as an enforced break with an original plan, but rather as two different yet entirely complementary phases of an essentially identical policy. Fascist Germany, in spite of its racist ideology, aims at a comprehensive expansion by direct as well as by indirect conquest. Though she has been forced in the past, and may again be forced on the wider scale of her future expansionist enterprises, to content herself at first with an indirect expansion of her rule rather than with a direct territorial conquest, she will try to proceed from the early, unsatisfactory form to direct domination as soon as time and circumstances permit.

The present day fascist counter-revolution does not amount to a "true world revolution" as Borkenau and many other bourgeois writers today feel compelled to say. Yet it resembles a genuine revolution in the one respect that it endeavors to disintegrate all existing political forms on a world wide scale. It does so, however, for the ultimate purpose not of world wide emancipation and cooperation, but of world wide oppression and exploitation. It is just this small difference that makes the challenge of Fascism today "acceptable" to an increasing number of people all over the world by whom communism and a genuine workers' revolution were regarded only as a danger and an offense. Mr. Borkenau would do well to work out this difference between the "expansionist" tendencies of revolutions true and false as soon as he is freed from his present predicament. According to a recent report in the New York Times, he is at the moment restricted to a study "from within" of the conditions prevailing in a democratic English concentration camp.

K. K.

LIFE AND WORK OF ROSA LUXEMBURG. By Paul Froelich. London 1940. 7/6. German Edition "Rosa Luxemburg—Gedanke und Tat". Paris 1939. 2.50.

Paul Froehlich's *Rosa Luxemburg* is not only an historically accurate and theoretically stimulating account of her life and work, but also a worthwhile contribution to the study of revolutionary tactics and the history of revolution in our time. It is a useful book, rich in learning — one of the few works in the inconsolably vacuous Marxian literature of the present-day which is reminiscent of the epic days of Marxism. No revolutionary who strives for understanding and clarity in the present economic, political and social crisis of capitalism can fail to benefit from this work.

The only criticism one can offer is that the book lays too much stress on the past and too little on the present and future. But it is doubtful whether this can be considered a shortcoming in an historic-bio-

graphical work. It would have been exceedingly difficult to intersperse it with the newer historical developments without distorting the perspective of Rosa Luxemburg's contributions. When Froehlich, however, does deal with incidents and literature of the post-war period he does so inadequately, chosing his material badly, and failing to evaluate it in the spirit of Luxemburg. For instance, it is insufficient to present onesidedly Luxemburg's "Accumulation Theory", her most important contribution to the science of Marxism, in the light of Sternberg's "Correction" and Bucharin's "Criticism".

We would like to stress three points especially: 1.) It seems that Froehlich has deliberately and consciously softened and weakened the specific difference and divergences

between the Luxemburgian and Leninist conceptions. This is especially obvious when he deals with the so-called "Questions of Organization", (Spontaneity Theory, Role of the Party, Centralism, Uprisings, etc.) It is of course true, that though there were differences between Luxemburg and Lenin on these points, there were many points of agreement. It is also true that these disagreements were exaggerated in a senseless manner by even better men than those Froehlich enumerates (Yaroslavsky, Arkadiey, Maslov). But neither fact would justify the author in presenting these differences, which sprang from different historical backgrounds as well as from different political tendencies, not exactly as if they were non-existent, but as if they were finally dissolved in an harmonious and peaceful manner.

2.) In dealing with certain problems of great importance, the book fails to give them the emphasis they deserve. In its exposition of the historical and theoretical significance of Luxemburg's work "Reform or Revolution" this inadequacy is apparent not only in the chapter specifically devoted to the pamphlet, but also in succeeding chapters. This work of Luxemburg's is praised very highly, but its real substance is not sufficiently made clear to the reader; the vast difference between Luxemburg's conceptions and those of other social-democratic tendencies, and the polemics of decisive historical significance are also not elucidated enough.

In this respect Froehlich's greatest shortcoming is in his interpretation of the "Accumulation Theory". It is remarkable how at one place he swallows Bucharin's superficial criticism hook, line and sinker, and at another he celebrates Luxemburg as the true genius who solved the problems unsolved by Marx. A little later he voices the need for modification of the Luxemburg solutions, but at the same time presents Bucharin's "one solution" as an "indirect proof of the decisive theses of Luxemburg"; and finally, to circumvent the whole controversy, he admits the "theoretical" possibility of a new capitalist advance.

3.) The great political question of the time, the fundamental problem of proletarian revolution and dictatorship, are not dealt with in full proportion to their importance; whereas the purely personal takes up far too much space and is handled too often in a sentimental and un-Luxemburgian manner. This is true not only of those chapters specifically devoted to Luxemburg's personality, but, throughout the book, there are scattered such subjective passages unconvincingly overpersonalized. It seems to us that the necessary confutation of the "Bloody Rosa" caricature delineated by her enemies and false friends could have been accomplished more realistically and convincingly.

All these objections however, do not change the fact that here a great historical theme is being presented for the first time with competence and with a historical fidelity to the present struggles.

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This magazine consciously opposes all forms of sectarianism. The sectarian confuses the interest of his group, whether it is a party or a union, with the interest of the class. It is our purpose to discover the actual proletarian tendencies in their backward organizational and theoretical forms; to effect a discussion of them beyond the boundaries of their organizations and the current dogmatism; to facilitate their fusion into unified action; and thus to help them achieve real significance.

FASCISM MADE IN U. S. A.

In Germany, shortly before fascism came to power, a group of reactionary writers began to attack the capitalistic system of production and its social organizations even more vehemently than had previously been done by the exponents of the radical labor movement. An outstanding contributor to this group was *Ferdinand Fried*, whose book *The End of Capitalism*, published in 1931, announced the close of the liberalistic-capitalistic epoch and the ascendancy of state capitalism, brought about by the collapse of the old world-economy and the rise of fascism and planning.

Lawrence Dennis's new book *The Dynamics of War and Revolution*¹⁾ belongs in the same literary category.. It predicts for America what Fried once declared was Germany's inevitable fate. Neither writer, however, has much in common with the actual fascistic political movement, nor with the pseudo-fascism preceding it. Just as Fried was exiled and his book forgotten, so will Dennis and his work find little appreciation among fascists or "anti-fascists". The reason for this may be found in the illusions of these writers, who actually believe that the present fascistic movement has the character of a genuine revolution able to transform the world basically enough to guarantee further progressive development. Though they are right in predicting the success of fascism over bourgeois democracy, they are wrong in assuming that fascism can, even temporarily, break that economic stagnation which is at the bottom of all social upheavals of the present epoch.

Because Dennis, Fried, etc., expect much more from fascism than it is able to deliver, their theories do not fit very well into the vague ideologic-

1) *The Weekly Foreign Letter*, 515 Madison Ave., New York, N. Y. (259 pp.; \$3.00)

al structure of fascism; nor do these theories suit the changing requirements of the victorious fascist class. Not that they are considered dangerous; rather fascism is not "dangerous" enough to find those theories usable for any length of time. As a matter of fact, fascism is not at all in need of new social theories. What it wants are political and economic methods to secure its rule over existing society. "If one makes dogmas out of methods", Hitler once said, "he takes away from human effort and intelligence those elastic attitudes which make it possible to operate with different means at different situations in order to master them."

The idea of "social development as a permanent revolution" — the motif in Dennis's writings — can by itself suit fascism only in its struggle for power. In a modified form, it may even serve as a part of the war ideology justifying imperialistic aspirations. But fascism wants to rule for "a thousand years". It comes with the intention of staying and all talk of a "Second Revolution", let alone a permanent one, is answered with exile and murder. Even if Dennis is far from "defending all revolutions and everything done in each of them", he still holds revolutions to be inevitable and thinks "that any revolution that is big enough will end stagnation". But it is the self-appointed job of fascism to prevent a revolution that is big enough to end stagnation. It is fascism's attempt to *reform* not to *revolutionize*, the capitalistic system of production and distribution which excludes adherence to any social theory that sees all development in terms of revolution.

On Definitions

Dennis challenges not only the "defenders" of bourgeois democracy but also the Marxists. "As the world swaps revolutions and imperialism", he writes, "it is time for Americans to take new bearings. For doing this they will find little guidance in Herbert Spencer or Karl Marx... The latter-day liberals hoped to stabilize the dynamism of the industrial revolution and the frontier which are now over. The Marxists caught the equally chimerical vision of a classless society of workers from which the state would have withered away, leaving the ideas of laissez-faire to flourish in the garden of liberty completely rid of the noxious weeds of private capitalism." In the present revolution, however, the old capitalist merchant-class elite is pushed aside by a new non-commercial elite, to whom Dennis's book is addressed. This new elite is bent on realizing socialism. And for Dennis "Russia and Germany are examples setting the present standards of socialism".

Dennis justifies presenting Russia and Germany as socialistic societies with the argument that "if most of the one hundred and eighty million Russians or eighty million Germans call what they have socialism, this fact is more important for purposes of definition than the opinion of a handful of American or British idealists who are politically insignificant, but who believe theirs to be the only genuine variety of socialism". In other words, Dennis accepts the *name* the "Germans" and "Russians" have given their

societies. We, however, regard these nations as having state-capitalistic systems, which contain larger or smaller "private-capitalist sectors". We prefer to call these systems state-capitalistic because we can conceive of a still different economic and social form from those existing in Russia and Germany. Dennis, not interested in things to come, willingly accepts as socialism that which calls itself such. We will then not argue about definitions, but accept as "socialism" what at other times we describe as fascism and state capitalism. In short, if Russia and Germany are "socialistic", our opposition to those countries may then be seen by Dennis as opposition to "socialism".

There is one more question of definition to be settled before we can proceed. Dennis states that "The only consistent feature of the capitalist revolution of the past hundred and fifty years has been continuous change, which is the only law of any and every revolution". For him "the nature of change does not matter". His permanent revolution first meant continuous change of capitalism; it now means continuous change of "socialism". "The deviations of German socialism from *Mein Kampf* or of Russian socialism from *Das Kapital*", he writes, "are as natural as the deviations of modern capitalism from the theory of Adam Smith's *Wealth of Nations*". Aside from the fact that neither of the theories he mentions really formed the basis of social developments ascribed thereto, and that consequently these developments could not "deviate" from a basis they did not have, we do not think it particularly fruitful to assume that "the nature of change does not matter".

We are used to making distinctions between "essential" and "non-essential" social changes. To express the difference we speak of *evolutionary* and *revolutionary* phases of social development. Though evolution is part of revolution and the latter part of the first, still not to distinguish between them means not to understand social development. To us changes in capitalism which do not disturb the specific capitalistic production-relations (wage-labor exploitation and the divorce of the workers from the means of production) are something other than the revolutionary overthrow of those production-relations.

When Dennis speaks of the capitalist revolution, he means not only that revolutionary change from feudalism to capitalism, but the whole of capitalist development up to the present. He means the growth of capital, which changed a lot of things, but not that fundamental social relationship which consists of exploiting capitalists and exploited workers. When we then accept Dennis's term "capitalist revolution", we understand the accumulation process of capital and its social results. We fail to see, however, how on the basis of his concept of revolution, Dennis can speak, when dealing with the changes from private to collective exploitative methods in Russia and Germany, of a new social revolution. For us capitalism has not been overthrown so long as the basic capital-labor relations remain intact. While the latter exist, all other changes, however important, still indicate no more

than the further evolution, or as Dennis would say, "revolution" of capitalism.

If we, however, speak of fascistic or state-capitalistic "revolutions", we mean thereby that the further *evolution* of capitalism had to be brought about by new political and direct means, which appear "revolutionary" in comparison with the traditional indirect economic and political methods which accompanied previous capitalistic development.

Moreover, if we speak of fascism and state capitalism as varieties of capitalism, we do not mean to say that these new variations represent progress. Change does not necessarily imply progress. (Progress is here defined as increased exploitation, the growth of capital, and the territorial expansion of the capitalist mode of production). Progress as such is furthermore, as Dennis also points out, not important to capitalism. Only *accelerated progress* may solve its problems. The *rate* of capital accumulation, not a mere increase in profits, is here the determining factor. A relative stagnation of capital might be sufficient to produce crisis conditions.

In addition, the fact that capitalism is a world-wide system of production and distribution allows for changes in the creation and distribution of profits which are important, but which do not alter anything of significance in the conditions of *capitalism as a whole*. These later conditions are decisive, however, for the trends of capitalistic development. Mere shifts of economic activity from one place to another, changes in the distribution of world-created profits, may change nothing in an existing downward trend because of capitalism's inability to expand as a whole. Less unemployment in Russia and Germany, for instance, may mean more unemployment in other countries. More surplus labor and profits in America may mean less of both in Europe.

The general crisis of capitalism, for example, has now forced the capitalistically weaker nations, in order to safeguard their very existence, to other than traditional methods of combatting depressions. This, in turn, has forced the stronger nations in defense of their profits to react in a way that, though assuring an increased economic activity all over world, will obviously lead to a still further decrease of capitalism's profitability. Surpluses, instead of being capitalized, are now destroyed to an extend that the "new dynamism" thus created cannot indicate the coming of a new society, but only the more rapid destruction of the present one.

The End of the Capitalist Revolution

It will first be necessary to investigate Dennis's statement, on which he bases his claim that "socialism" is inevitable, that capitalism is declining. In his opinion, "capitalism by itself" was never dynamic. Its "expansion in geometrical progression and its development of monopolies in the course of the industrial evolution" he finds explicable only through the profits obtained from non-capitalistic territories (the British empire and the American frontier), which provided opportunities, incentives, and escapes for individuals. Capitalistic, or private enterprise, Dennis points out, has always need-

ed subsidies — something for nothing, like free lands and a perpetual land-boom — to stimulate it to a necessary amount of activity. Capitalism was able to develop because of cheap labor, because of a series of easy wars of conquest and exploitation, and through rapid population growth, which also expanded the markets. Only under such conditions were private enterprise, democracy, and liberal freedom possible. However, the end of the frontier, of imperialism of the English brand, of rapid population growth and easy wars indicate the end of democracy as well as the end of capitalism itself.

The familiar notion that not socialism, but only capitalism, through its private property form and the market mechanism, allows for political democracy, re-appears here by Dennis in a somewhat modified form. To him the disappearance of democracy is also the end of capitalism, and vice versa. Though it is true that capitalism seemed to flourish best under conditions of democracy, it also existed under other circumstances, as for instance in Russia and Japan before the ascendency of bolshevism and fascism. There is no reason why capitalism should not be able to continue to exist under any form of government. The fact that its growth in a number of countries coincided with the rise of democracy does not prove that this is the only manner in which it can develop and exist.

That there is a direct connection between laissez-faire economy and bourgeois democracy is not to be doubted; but then there never was a pure laissez-faire economy during capitalism's development. The term laissez-faire economy is used to *emphasize* only one of the many characteristics of capitalistic expansion. "Democracy", too, existed only when it did not interfere with the needs of the various capitalistic groups which ruled in their own exclusive interests over the whole of society. "Laissez-faire" contained in itself and led to monopoly; the growth of capital transformed monopoly into *monopolistic laissez-faire*. Democracy, once the dictatorship of capitalists, became the dictatorship of monopolists.

This process of concentration and centralization of economic and political power was at the same time the expansion of capital in size and extension. As capitalists came and went, governments were installed and dissolved, institutions were developed and discarded, monopolies were formed and broken up. But during this whole process no end of capitalism could be discerned because of the disappearance of the frontier, of easy wars and rapid population growth. It seems to us that capitalism loses its dynamic long before the barriers enumerated by Dennis are really reached.

Population and Profits

How is it possible, for instance, in a world that produced 25 millions of unemployed in the 1929 depression, to say that capitalism declines because the population decreases? The decline of capitalism cannot be explained by that of population; the latter has to be explained by the former. There is no absolute law of population; each society has a law peculiar to itself. It cannot be denied that the development of capitalism was accompanied

by an enormous population increase. If capitalism can both increase and decrease population, then neither tendency can explain anything essential as regards the possibilities or limitations of capitalism. Furthermore, a population increase, brought about either by greater birth rates or by immigration, does not necessarily mean greater economic activity; nor must an opposite trend lead to contraction in production. Economic activity in capitalism depends on investments. If not enough are forthcoming, population tends to decline. For Dennis, however, result is cause. And though it is true that, once capitalism has started to decline, result becomes cause and cause result, nevertheless the question of primacy must be raised if one wants to inquire into the reasons for capitalism's decay.

On the basis of his wrong assumption that population trends determine capital expansion, Dennis then says specifically that "During the days of heavy immigration, rapid population growth and a scarcity of food and shelter, labor could not have enforced its present real wage demands, which, to the extent that they must be met at the expense of profits, are deterrents to new investment and enterprise". Aside from the fact that no serious economist any longer holds the position that the pressure upon wages, because of the larger supply of labor, could increase the rate of profits to such an extent that entrepreneurial initiative for new investments of any significance would be forthcoming, it should be quite difficult to maintain this assertion in the face of the existing large-scale unemployment, which, in Dennis's own words, is "capitalism's only enduring creation since the war". Besides, the wages Dennis refers to are the privilege of only a relatively small body of workers brought about by capitalistic trade-union policies at the expense of the large majority of the laboring population, which is hardly capable of re-producing its labor power, some workers even living on the verge of actual starvation not only in the world at large but in America as well. Aside from all this, it is still more difficult to see the point of Dennis's assertion in view of the fact that he himself has so greatly emphasized the importance of the frontier. If the latter gave many opportunities to capitalism, it also provided the workers with the chance to refuse low wages and go westward.

It seems to us rather that the social and economic position of the workers in relation to that of capital has not been improved, and that, from this point of view, it should be far easier now than before to force the will of capital upon the workers and to make them sacrifice in favor of new investments. Not a *shortage* of labor and an "abundance of food and shelter" stands in the way of further capital expansion, but capitalism's inability to use the existing *surplus* of labor and to employ the prevailing wide-spread misery for its own purposes. The increases in real wages, Dennis may be able to point out, were not due to a population decline, but to the greater productivity of labor, necessitating the betterment of living conditions. That this has been bought about by way of struggle, in which a real or produced temporary labor shortage served the workers, does not alter the fact that

a higher productivity demands a better standard of living. However, as wage statistics will show, there was never in history a situation where the workers could enforce wages that hampered capital expansion. If such a chance ever existed, it has certainly been missed.

It is true that the individual capitalists, and now even the collective-state enterprisers, see in the cutting of wages their *next* necessary step whenever profits become too small, or when larger profits are needed at once. Nevertheless, capitalism has never solved its real problems by the simple method of lowering wages. Wage reduction at one time are compensated for by wage increases at another. In the long run, and for capitalism as a whole, expansion of capital is not determined by high or low real wages.

At no time during capitalism's history have wages been *decisively* determined by the number of workers asking for one job, that is, by rapid population growth. With regard to the commodity labor power, the law of supply and demand does not work so well as it seems to "work" for other commodities. Dennis himself knows that generally in production "Producer demand, not consumer demand is sovereign", which means that the law of supply and demand can explain nothing essential, but is itself in need of explanation. Not the increase or decrease in the number of workers, but the fact that labor *must* sell its labor power in order to live, and sell it to capitalists who, in order to be able to buy it, *must* buy it at a price which gives them sufficient profits to exist and expand, explains the existence of certain wages. The workers may be able to bring the whole capitalist society to an end. But, regardless of the labor supply, they will never be able to raise their wages high enough to hinder *on their part* further capital formation. However great the unemployed army, capitalism cannot reduce wages below re-production costs for a considerable length of time without reducing its own profits. Despite wage struggles of all sorts, the decision as to what kind of wages will prevail is made neither by the capitalists nor by the workers, but only *through* them, by the needs of the economic system to which both adhere.

The increase in real wages of which Dennis speaks was, furthermore, only made possible by and was only brought about through a much faster increase of exploitation. The part of the social product falling to the workers decreased continuously with the growth of capital. This is a tautology, because the latter implies the first; it is one and the same process. Lower real wages meant lower profits, higher real wages higher profits, but labor was less exploited by lower real wages than it was by higher ones. It was less exploited during the frontier period, during rapid population increase, during the period of easy wars, and during the era of expanding markets than it is today. Capitalism's problem consists not, as Dennis sees it, in its inability to raise sufficient profits for further development because of real wages hindering this process — wages to be explained by a relative lack of population growth. The question rather is, why, despite an ex-

employment, serving now as before as an *additional* element to suppress wages, is it still not possible for capitalism to expand further? In short, why was it possible for capitalism to expand under less favorable conditions, and why can it not expand under the best possible conditions?

In his arguments Dennis included another familiar statement, namely, that capitalism "cannot raise living standards without reducing profits and the incentives to new investment and enterprise, (and) at the same time cannot maintain the necessary market for full production and employment without raising living standards or real wages at the expense of profits". This "dilemma" which, in Dennis's opinion, "capitalism never faced before", and did not need to face "as long as it had a frontier, rapid growth, migration and a flourishing industrial revolution", is not a new "dilemma", but no dilemma at all. When raising living standards capitalism never reduced but increased profits, frontier or no frontier. As long as it increased profits *sufficiently* it had a market for full production, for capitalism is its own best customer. The trouble now is that, regardless of frontiers and living standards, there are not enough profits, because the question is not one of how to *realize* surplus value in the face of lacking markets, but how to *produce* sufficient surplus value (profits) to *create* new capitalist markets.

Frontiers and Easy Wars

What did the frontier and imperialistic expansion mean in economic terms? Markets and extra-profits, Dennis answers. But, though it is true that these extra-profits and markets were of considerable importance to capitalism, they do not explain the success of capitalism but are the result of that success. Is it not a fact that trade between highly developed industrial countries, not to mention their internal economic activity, was and is about ten times as important for their welfare as is their trade with frontier territories? The great bulk of the profits is created in the highly developed nations; only a small percentage of their riches is derived from colonial exploitation. Though it is true that the appropriation of other people's property without an adequate equivalent has been of great importance for the development of the countries initiating the capitalist expansion process, still it only *accelerated* a movement whose success was already guaranteed through the capitalistic form of exploitation itself. And though it is true that the actual lack of profitability in recent history has raised the interest in additional profits from abroad, regardless of their size, still present-day imperialism, as well as the whole previous territorial expansion of capital, is and was only possible because of the increase in exploitation in the original and the now-existing capitalistic nations.

Obviously Dennis has things standing on their head. For example, he explains the success of American capitalism by the fact that American *farmers and speculators could buy land cheaply and sell it dearly. With*

governmental land grants or simply by being firstcomers. The westward movement and the increasing industrialization allowed these lucky ones to sell all or part of their land at ever-increasing prices. The continuous land boom thus created made a considerable number of people rich. But one should not only inquire about the lucky sellers. Who were the buyers who paid the prices, and where did they get the money to do so? Either this money represented the savings of European immigrants, that is, came from past labor or past exploitation of labor, or the land, if given on credit, was paid for with the labor applied to it, or with profits raised in industry. Without increasing industrialization and the capitalist increase in exploitation, this whole process would not have been possible. The American frontier was a "frontier" because of the capitalist expansion process. The statistical material available shows, for instance, that during the nineteenth century the large waves of immigration followed, not preceded, upward waves in business. The dynamic of capitalism made the frontier what it was; the frontier did not give capitalism its dynamic.

The "enrichment" by way of the perpetual land boom did not involve the creation but only the distribution of profits. The first comers merely exploited their advantage and appropriated for themselves profits created either by others or for others. In different words, during the frontier period farmers and prospectors were able to participate in the exploitation of labor. Today the picture is reversed. Now it is industry that appropriates parts of the surpluses of agricultural production for itself, either by way of better price control or through the industrialization of agriculture. The capital concentration also affects the division of surplus value; rent and interest disappear in order to bolster industrial profits. But both situations, exploitation by land monopoly or industrial monopoly, do not enlarge the surplus value (labor) socially created. They only indicate what social group is able to sell above value, and what other group has to sell below value. Both situations change nothing of the fact that it is always labor, agricultural and industrial, that determines the amount of surplus value on hand, over the division of which the fight may then issue.

If the frontier had actually meant what Dennis thinks it meant, it should have frustrated, not fostered, capital development, because it diminished the profitability of industry and thus hampered rapid expansion. Though it is true that parts of industrial profits wandering into the pockets of the land-owners and speculators found, via the banking system, their way back into industry, yet even for those parts interest had to be paid, so that industry could only feel itself doubly "cheated". It was capitalism's job to do away with the frontier. Only thus could it serve its real interests.

Just the same, the frontier was a godsend for capitalism. Not because of the perpetual land boom connected therewith nor because it subsidized

capitalism, but because, though it robbed capitalism of parts of the surplus value sweat out of the workers, it provided the space and material needed for capitalistic expansion. Without an abundance and a variety of raw mater-

ials capitalist production is unthinkable. Capitalism presupposes the international division of labor, it is the creation of a world economy. The more the world is capitalized, the better capitalism will flourish. The more non-capitalistic exploitation is transformed into capitalistic exploitation, the more profits are at capitalism's disposal. Only with the end of the frontier did America become the powerful country it is today. Only then it changed from a raw-material-producing and capital-importing country into a nation selling all sorts of produce and exporting capital in great quantities. Only with the disappearance of the frontier did America cease to be a mere appendix to European capital.

Only the successful transformation of non-capitalistic into capitalistic territory is of real importance to capitalism. But each nation, expanding its capital, is opposed to capital expansion elsewhere. Though "theoretically" the capitalistic world would flourish best if it were completely capitalized, in reality each capitalistic country tries at the same time to prevent the realization of this "theoretical" necessity. Though "theoretically" the end of all frontiers should be most favorable to capitalist society, in practice the diverse, historically-conditioned, and nationally-orientated vested interests preclude the removal of these frontiers. Capitalism is not doomed because it removed the frontiers too rapidly; if the argument of the frontier is used at all, one can only say that the continued existence of frontiers demonstrates the limitations of capitalism, which has to disappear because of its inability to continue to increase the productive forces of mankind.

It should be obvious that the world at large is far from being capitalized. Even though the American frontier has disappeared, why not make use of the frontiers in South America, South-East Europe, Asia, Africa, Australia? Dennis answers that the new "social revolution" which has started in Russia and Germany excludes the utilization of the remaining non-capitalistic or backward territories for private capitalistic purposes. Why was it then that long before this "new revolution" started capitalistic expansion into non-capitalistic territory had either found its end or had begun to stagnate? Why is India as backward as it is, despite England's long rule? And why aren't the "400 Million Customers" in China properly exploited?

One may point to the existing imperialistic rivalries checkmating each other. But such a situation still allows both for a general rush of investments and for a general reluctance to invest because of lack of security. Behind the failure to capitalize the backward nations stands far more than the fear among capital-exporting countries of losing their investments in case of war.

It is true that in order to open the "virgin" territories to capitalistic exploitation wars, less easy than those which created the British empire, or which led to the present form of the United States, will have to be fought. But then the ability to fight has grown with the difficulties of warfare. A strong combination of capitalistic nations will still be able to defeat a weak-

er combination of capitalist nations and take, as its price, control over the backward countries. War is not only now, but always was, "unprofitable". It was not fighting which brought additional profits to the ascending capitalist regime, but more and greater exploitation of labor after the fighting was over. The difficulties of war cannot explain the end of capital expansion; less so, since the end of capital expansion led to the last and to the present world war.

The Decline of Capitalism

For all the reasons so far discussed, that is, the end of the frontier, of easy wars, and of rapid population growth, Dennis thinks that "as a constructive force for private capitalism, the industrial revolution is now over". The "socialistic countries", Russia, Germany and Japan, will continue where capitalism has left off. However, what he assumes to be reasons for the decline of capitalism are not the real reasons, and the real reasons, that is the capitalistic mode of production which stands opposed to the social needs of today, he does not even recognize. By denying capitalism's inner dynamic he fails to understand its present decay, and thus has to limit himself to favoring the fascist "reform" of capitalism which, whatever it might change, will not change anything in the further disintegration of the capitalist production process.

What then is at the basis of the present economic and social stagnation? Throughout his book Dennis talks extensively about many forms of capitalist exploitation. He neglects, however, to investigate thoroughly that of labor by capital. Though he realizes that expansion depends on profits, and though he knows where profits come from, still he does not grasp the whole significance of the relationship between profit and expansion. Much as he tries to, he does not concern himself with fundamental contradictions of capitalism, but is concerned only with question of profit distribution. Only thus can he remain in the superficial spheres of population growth, frontiers, and easy wars. All he needs is a few good arguments to say why he thinks that the state-capitalistic, or "socialistic" form of profit distribution is superior to that of private capitalism. As the German fascists, a la Fried, were opposed only to "interest slavery", and that at a time when the end of banking capital was already at hand, so Dennis too, though more embracing, opposes no more than private profit appropriations. He also demands this at an hour when it has already become actual practice. Today even the victims begin to realize that their days are over. Though Dennis believes he is opposing capitalism, he really favors the continuation of its mode of production if it can only be modified in such manner as to be able to withstand the possible onslaught of the dissatisfied masses. In view of rising fascism many of his predictions as to the features of the immediate future

seem to be quite realistic; however, his belief that the problems he thinks in need of solution will thereby be solved is certainly illusory.

Since for Dennis the permanent revolution, that is, social change, never consists in more than the exchange of one elite for another and a change

of institutions and functions within the otherwise unchanged exploitation-relations, it is understandable why he did not bother himself too much with the basic problems of capitalist society. To safeguard his position, he has to insist that capitalism must receive "something for nothing" in order to live and prosper. But the whole of capital is "something for nothing" that is, it consists of surplus labor past and present. Imperialism itself is finally reducible to the appropriation of surplus labor from other countries. The trouble then, to repeat, is not that capital geographically reaches its barriers, but that it is no longer able to increase its profitability sufficiently *at home* to continue capital expansion *abroad*. Not because it is no longer possible to get "something for nothing", but because it is not possible to raise the exploitability of the *existing* number of workers to provide for the capital needed for expansion does capitalism find it difficult to get *everything for nothing*.

Not the frontier, population growth and easy wars gave capitalism its dynamic, but the possibility of appropriating by capitalistic exploitation methods ever greater numbers of workers, necessitating, as well as making possible, territorial expansion. The increase in the laboring population was accompanied by a still more rapid increase in capital. The decline of the laboring population *relative* to that of capital — this fundamental capitalistic contradiction, which though not the only one is still the only one through which all other reasons for capitalism's decline become understandable — Dennis does not even mention.

The question previously raised as to why it is that capitalism stagnates despite high exploitation contains its own answer. Because exploitation is so great that its increase through lowering living standards or through exploitation from abroad ceases to be of importance as regards capital formation, it must be increased by additional exploitation of additional workers. That means, not by any number of additional workers, but by a number great enough to produce profits sufficient for still further capital expansion. However, every additional worker necessitates an additional capital outlay. This capital outlay increases with the growth of capital. The question is then: is it possible for the existing number of workers to create sufficient surplus value to produce that capital necessary to employ profitably the needed number of additional workers? How big must this capital be, and if it is created, are there enough workers on hand to make it possible for expansion to occur?

As long as capital was relatively small and its expansive needs limited, profits were relatively high. Profits are what is left over from production

after wages, rent, interest, distribution and reproduction costs, etc., are accounted for. Capital expansion means that part of the profits, and unused part of other incomes ready for industrial investments, are not hoarded but are used to construct additional means of production. However, the growth of capital implies the relative decline of labor power. The wage bill becomes smaller the higher capital mounts, though the wage bill (vari-

able capital) may also increase, and in case of accumulation, must increase in absolute terms. Profits are derived from labor. As long as the exploitation of labor can be sufficiently increased, the decline of labor relative to that of capital means nothing. The tendency of a declining rate of profit inherent in the disproportional growth between labor and capital (variable and constant capital) cannot assert itself so long as exploitation increases faster than the rate of profit declines, that is, so long as capital accumulates rapidly.

The smaller profits of smaller capital are something other than the larger profits of large capital. A capital relation where, say half of the existing capital is invested in wages, and the other half in means of production, yields less profit than a capital relation where 9/10ths consist of means of production and only 1/10th represents wage capital. But in relation to the *total* capital, that is, constant and variable combined, the absolute greater sum of profit has become relatively smaller, because the profit, though won only by labor, has to be measured in relation to the whole of capital investments. Furthermore, in the case of an equal relationship of the two components of capital, a greater number of workers have to re-produce the existing capital and create its additions than in the other case. A relatively slight increase in exploitation, made possible by technological development and productive re-organizations, or even by a mere increase in the intensity of labor, or by lengthening the working day, may assure prosperity in the first case. To have prosperity in the second case means that a very small number of workers must reproduce the existing capital and create its additions. Here a greater intensity of labor may no longer mean anything, as the high productivity already reached by reason of the large capital invested in means of production may preclude sufficient increase in labor intensity. Neither would the lengthening of the working day help because, under such conditions, after a certain number of hours, the workers' productivity declines rapidly. What would be of help here is further technological development and better organization of production. If, however, the existing, already enormous, capital is unprofitable, technological development implies a still greater capital than that in existence. That does not necessarily mean greater enterprises, but additional enterprises, or the replacement of less with more productive enterprises. Capital must be sufficiently enlarged to restore profitability despite the furthering of the discrepancies between the two components of capital, constant and variable. If this, at any given time, is not possible, stagnation sets in and capital destruction takes the place of expansion.

What is “healthy” in capital is not its “prosperities”, but its depressions. Those people who think that depressions are bad for capitalism, and who long for the return of prosperity, are only longing for the final capitalistic collapse. All periods of prosperity have hitherto only accelerated the development of that unfortunate disproportional developement between constant and variable capital, which gave capitalism a “dynamic” otherwise

possessed only by people suffering under galloping tuberculosis. Able to "prosper" only by accumulation, capital has always increased its momentary profitability by making smaller the basis on which it rests. The more it actually expanded, the more it contradicted its own "interests".

If capitalism could prosper by a development which increased the number of exploited workers simultaneously and proportionately to the growth of capital, it would find its end with the end of natural resources and available labor power. If it could prosper by a more rapid development of population than that of capital, it would end in starvation. If it has prospered by the more rapid increase of constant capital over the variable part, it now finds its end in the inability of the relatively fewer workers to maintain and increase that capital.

Assuming the relation between constant and variable capital today approximates the 10 to 1 relationship used for illustrative purposes above, and if the existing capital has to be totally reproduced within a span of 10 years, this would mean that every employed worker today must yearly create, besides the money equivalent for his and his family's livelihood, an equal sum for capital replacements, plus the per capita distribution costs, plus taxes, plus the livelihood of the capitalists and that of the non-working population not accounted for in the previous categories, plus, finally, additional capital for expansion. If the workers are not able to create all that, capitalist society stagnates until it becomes possible to increase the productivity of the existing working population to a point where further expansion becomes possible. If capital expansion is not successful, all the items in which surplus value is divided increase, making it less and less possible to raise the capital needed for expansion. Under such conditions a forceful destruction of capital becomes necessary; that is, the ending of a relationship in production which excludes further expansion, for instance, through a change in the proportional relationship between capital and labor from 10 to 1 to, say, 8 to 1. If crisis and depression destroy capital in sufficient quantities, and thus enable a rise of profits for the enterprises capable of living through the depression, the continuation of technical advancement and the consequent increase in productivity re-establishes a level of production which allows for further accumulation.

This has been the case so far. Each previous capitalistic depression destroyed enough capital to raise the profitability of the remaining capital sufficiently to guarantee another period of "prosperity". If one is interested in the maintenance of capitalism, one should pray for better and bigger depressions. As a matter of fact, every capitalist does so. He always means, however, that the benefits shall be visited upon his fellow-capitalists. After all, this is a Christian civilization. The present depression unfortunately finds too many non-believers in the ranks of capital; the trouble with the present depression so far is not that it is so big, but that it is not big enough. Monopolization, capital concentration, trustification, cartelization, and market controls of all sorts hinder capital destruction in necessary quantities.

However, if individual capitalists and concerns have turned into heathens, not so the rest of the population which, by its own movement, brings about and enforces govermental policies which serve to an ever greater extent the destruction of capital in order to safeguard capitalist society.

The question as to whether capital will be able once more to overcome its present stagnation and decline by simultaneously destroying capital and raising profits is not an economic question. There does not exist a purely economic problem at all. However, by taking economic phenomena out of the social setting of which they are a part, it becomes possible to shed some light on the developmental tendencies of the latter. By knowing what it takes to re-establish profitability and progressive accumulation, one becomes aware of the character and intensity of the ensuing class struggles. From a "purely economic" point of view there is indeed no reason why capitalism should not be able to overcome its present difficulties. Though the workers are extremely exploited, though they may already work seven hours for capital during an eight-hour day, is there any reason why they should not work 7½ hours for capital; is there any reason why the number of workers should not increase by 10 or 20 per cent, or even more? If it should prove possible to destroy sufficient capital in order to distribute the social profits into still fewer hands, and to polarize society so that it really corresponds to what Marx thought would be the result of accumulation, capital may be able to exceed what appears to us already to be its limits. It is true that there are more reasons against such a possibility than there are in its favor, but then one never really knows where the limits of human endurance are.

To prove strictly scientifically the inevitability of capitalism's collapse will always remain a futile attempt. Not even the assembly of data needed for such an undertaking is possible. Dennis is right in not wasting his time "to prove to doubting optimists that it is impossible to restore the necessary conditions for the successful functioning of private capitalism. Those who take my view", he says, "do not have to prove their case. They need only challenge the optimists to prove their theses by achievement". But he not only has no reason to prove his case, he could not prove it even if he were to try. All that can be pointed out are the reasons why the growth of capital implies the growth of the contradictions inherent in its productive system. If the empirical data corresponds with this, one can, without fear of being utopian, prepare and help support a social movement that attempts to end capitalism.

That one may also, by considering the consequences of capital accumulation, justifiably say that there is an objective end to capitalism, that its final collapse is assured, changes nothing of the fact that capitalism must be abolished through human actions in order to cease. The argument about the objective end, however correct, finally amounts to no more than the recognition of the obvious, that all things and all institutions come to an end in time.

Independent of the question as to whether or not the present crisis of capitalism is its last crisis, it should be clear from the rough outline of our own crisis theory as given here that Dennis is still far away from a real understanding of the problems of capitalism. It is his idea that a "capital shortage" makes for capital prosperity; but exactly the opposite is true. Capital shortage excludes expansion. If expansion fails, even those insufficient capital funds earmarked for accumulation cannot profitably be invested, and are not invested. Thus they lie idle, creating the illusion of the existence of capital surpluses. But there is a big difference between appearance and reality. How misleading it is to take the first for the latter Dennis demonstrates with numerous examples throughout his book. Even the element of truth contained in his assertion that the decline of capitalism is partly due to population decline was neither seen by him, nor would it fit, in case he had recognized it, into his exposition of capitalism's difficulties. Just as an actual capital shortage, a shortage in regard to the needed capital expansion, appears to the superficial onlooker as a surplus of capital, so the present surplus population, compared with the expansive needs of capital, would really represent a shortage of labor, if accumulation could be continued with accelerated speed.

The Industrial Revolution of "Socialism"

Although we disagree with Dennis as to the reason for capitalism's decline, we agree that private-property capitalism's days are numbered. As stated before, however, we do not believe that Dennis's "socialism" will be able to solve any of the problems which it inherited from private-property capitalism and which caused the decline of the latter. We have dealt with Dennis's theory of capital, and opposed it with our own, because in our opinion it is his wrong conception of capitalism and its developmental laws which explains his failure to understand the character and the possibilities of the system he calls "socialism".

Neither Russia nor Germany has ended the capitalist system of production. They have changed individual appropriations of the socially created surplus value into "collective" appropriation by way of the state. This involved the partial or total destruction of the old bourgeois class of private entrepreneurs and the remnants of feudalism in favor of a new ruling class — the state bureaucracy and its privileged supporters. There was also necessary a certain degree of re-organization and "planning" within given territories, which practically, however, turned out to be planning for the present war, that is, "planning" against real planning. For real planning can be done only on an international scale. Such planning Dennis holds to be impossible and unnecessary; he is satisfied with a national-socialist America defending its own interests by way of struggle against the rest of the world. The solution of the unemployed question and the continuation of the industrial revolution is all he demands, and he thinks that this would be possible within the framework of his "socialism".

It is true that in the struggle between the "old" and the "new" capitalism the initiative and the success have so far been on the side of the "new" capitalism. Its "dynamism" is based on poverty, a fact which gave Dennis the idea that only a "capital shortage" provides capitalism with the necessary dynamism. If necessity is the mother of invention, not all inventions need mothers. That nations act because they have to does not prove that "dynamism" presupposes misery. What the fascists are now doing with old and new methods has always been done by the old capitalistic states, whether they were poor or rich. The "dynamism" of the fascist states springs not from their own peculiarities, but finds its reason in the deadly general stagnation of the capitalist world. It is still an expression of the same dynamic that was the driving force of capitalism until it reached stagnation. As did private capitalism previously, so also does Dennis's "socialism" expand in order to prevent expansion. His new "industrial revolution", like the old capitalist revolution, is out to prevent the industrialization of the world. It wants to strengthen itself with the weakness of other nations. This continued "industrial revolution" means no more than the destruction of some in favor of other capital; a struggle demanding additional weapons, because the destruction of capital by way of the market mechanism is no longer sufficient.

The functioning of the "automatism" of the market was based on a rapid capital accumulation. As long as the latter was possible the destruction of primitive industry involved the construction of advanced industry; the destruction of primitive agriculture, the development of modern agriculture; the end of limited and backward markets, the opening of world-trade. As long as capitalism expanded by reason of a sufficient profitability, its "anarchy", that is, private interests opposed to social needs, was a sort of "regulator" which provided for both frictions and their elimination. Over-production in one or another field of production was punished by lower prices and profit losses, which re-established some sort of "equilibrium" between supply and demand. Extraordinary unemployment found its compensation in temporary booms and in the spreading of capitalism. Under-developed fields of production, yielding high profits, were soon invaded by additional capital reducing the extra-profits to "normal". Obsolete industries became the first victims of crises and depressions when the market mechanism re-established a lost equilibrium, that is, a situation which granted capitalist society sufficient stability to feel itself secure. In short, competition provided for a kind of trial and error method able to bring "order" into the capitalist system.

Nevertheless, from its very inception, the capitalist system was never a system of "perfect competition". It favored from the beginning those nations and industries within nations endowed with social and natural advantages. The growth and spread of capitalism increasingly weakened and destroyed the element of control provided for in the competitive mechanism. *Laissez-faire* was never more than a convenient philosophy for successful capitalists

or capitalistic nations. The less fortunate nations could see in it, if they could see at all, no more than a shrewd device against their own progress. But history is more than economics; if it were impossible to gain competitive strength under the "rules" of laissez-faire, other means could be and were tried. The protectionists ruled, and if their endeavors proved to be successful, they too could then become adherents of the laissez-faire ideology. The changing needs of the capitalist system and the changing policies and fortunes of the different capitalistic nations explain the different economic theories developed during capitalism's history.

Throughout every shift in political and economic power, through peace and war, booms and depressions, capitalism advanced. The possibility of increasing exploitation and thus accumulation with accelerated speed indicated — from another point of view — insufficient capital concentration and lack of political centralization. This "weakness" gave to wars, depressions, and bankruptcies the "strength" to re-establish lost "equilibriums". In other words, "life" was still stronger than capital; the needs of the whole of society, however violated by capitalism, were not as yet totally subordinated to the specific interests of the capitalist class.

Because capitalism failed to master the world, it could declare itself master of the world. Its "success" was due to an unsearched-for strength and an unpreventable weakness. No group of capitalists nor any capitalist nation can possibly be engrossed in more than its own advancement and is thus always vitally interested in the frustration of its competitors. That the "original" capitalist nations did not succeed in keeping the rest of the world primitive is certainly not their fault. That in attempting to do so they actually advanced the capitalization of the world does not show the guidance of an "invisible hand" nor Hegel's "cunning of reason", but only that the real needs of the social world are always stronger than the limited interests of one or another class which finds itself in power.

It is capitalism's dilemma never to be able to advance without simultaneously putting new obstacles in the way of further "progress". It has "two souls in its breast". One wants to restrict, the other to extend expansion. But though capitalistic interests are restricted, the needs of society are limitless. Because individual capitalists have to work against each other, they hamper their common conspiracy against society. For this reason capitalism's struggle against society brings forth the quest for capitalistic "solidarity", which must however be achieved through the elimination of capitalists and the continuous weakening of all other social classes. This concentration process is materialized in commandeering masses of constant capital, achieved by greater exploitation. The never-ending need for more exploitation finally defeats itself. The rule of capital becomes no longer compatible with the basic needs of society.

The one-sided and therefore wrong assumption that crises and depressions point to the limitations and end of capitalism leads to other misunder-

standings, namely, that fascism is already "socialism", or that it represents a new form of capitalism with better chances of survival. For Marx, crises and depressions were "healing processes"; his theory of accumulation ends in the revolution. If anything, the success of fascism, or "socialism", could promise only the further sharpening of the conflict between capitalistic and social needs. The present world struggle in all its various forms is only another gigantic crisis of capitalism, a new, all-embracing, terrible attempt to reach that degree of capitalistic "solidarity" now needed to control the labor of the world. That this crisis has such an out-spokenly political character is also not new; it only reflects the degree of capital concentration already reached. The struggle between fascism and democracy is in its essentials a repetition of the struggles between protectionists and free-traders in times past. Today, however, the scope of the struggle is enlarged, the intensity greater, because of the greater pressure resulting from more polarized class relations. The economic aspects of the crisis are driven into the background because of increased monopolization. The old business cycle has already been replaced by a virtually permanent stagnation. Monopolization and the stagnation connected with it can be broken only by powers stronger than capitalistic monopolies. State-capitalism is such a power; it is the opposition of a more perfect to a less perfect monopolistic society.

The "new dynamism" displayed by the fascist powers is then only a new version of the *old crisis dynamism*. Both have the same cause and can lead only to essentially identical results, unless other factors, such as a revolution ending all capitalistic relations and problems, intervene. If the crisis should fail in its political aspects — that is, as war and "revolution" — as it has failed since 1914 in its economic aspects, to re-establish a socio-economic relationship which guarantees the further accumulation of capital, the crisis itself will become the basis of new social struggles and must be ended in a non-capitalistic manner. But if this crisis should have sufficient force to re-establish a profitable capital accumulation on a world-wide scale, it would demonstrate only that the old capitalistic dynamism is still at work. The crisis would not have "solved" any of the capitalistic problems; it would once more have postponed the downfall of capital. As the problems of society would remain the same, so also would the task of the workers be unaltered.

However, we are still in the midst of the crisis and there is nothing visible which could suggest its early end and a new prosperity. In one sense the present crisis is only the deepening of the capitalistic depression which came into being long before the first world war. With the beginning of the twentieth century, industry and agriculture began their relative stagnation, surplus populations arose in village and city, a lack of capital for expansion was felt everywhere. Life went on just the same. People travel other roads if the traditional ones become impassible. The necessary re-orientation may be a slow and painful process, but history proves that it has never failed. If capital is lacking to safeguard and expand vested interests, whether private or national — interests for whose defense some sort

of social stability is needed — production will be maintained with less regard for those vested interests or with none at all. If production is carried on via the market mechanism, where money must yield more money before economic activity is possible, and if this mechanism begins to fail, production must be carried on without consideration for private profit needs. Production must then be ordered, partially or totally. The ordering implies economic authority and hence control over all phases of social life. The question as to who is going to do the ordering is settled by political struggles involving shifts in class positions.

That political group which secures for itself the control over the means of production, coercion, and integration will do the ordering. In what manner this control is reached, whether by legal or "revolutionary" means, depends on historically-conditioned, specific circumstances, which vary for different countries and different times. To order or "plan" what previously had not been "planned" because it was thought that the "automatism" of the capitalist market would take care of it, that is, continuing and regulating production on the basis of labor exploitation in the interest of a ruling class, is then celebrated as a new social advance.

Whatever ordering or "planning" is done in Dennis's "socialism", for instance, is done in order to reach the same results — that is, more surplus labor and profits — which private property capitalism achieved without that much bother. As always before, so also in Dennis's "socialism" property and control go together. The ruling classes in Germany and Russia have control over both the means of production and the means of destruction. For labor there remains the necessity of selling its labor power in order to live, and selling it at a price that satisfies the needs and desires of the ruling class. The power of this ruling class is now strengthened by more direct methods of coercion which are supposed to compensate for the loss of the automatic control measures that operate under private property conditions. At a "higher" stage of "socialism" artificial market control may be re-introduced for the convenience of the "planners". The various theories of "market socialism" now in vogue are supposed to supplement and make easier organized exploitation in state capitalism.

The Russian collectivization, that is, the realization of the old capitalistic dream to abolish once and for all the tributes paid landowners, and the transformation of the agricultural population into wage workers was carried out by the bolsheviks. However, this was possible only through the simultaneous destruction of the whole of the old ruling classes. Yet nothing has changed in the essential social arrangements, though in industry and agriculture private enterprise and incentive for private investments have been ended. Private incentives are only detoured; they are now directed toward political and social positions which determine the degree to which one may participate in the enjoyment of surplus value. It is true that there are no capitalists in Russia, but there are rich and poor, exploited and exploiters,

The social struggle for positions in "socialism" was already foreshadowed in the increasing discrepancies between ownership and management and in the growth of trade unions in old-style capitalism. There are now as many varieties of rich people in Dennis's "socialism" as there are wage scales for workers, or degrees of impoverishment.

In order to escape exploitation in "socialism" one must become an exploiter. All aspirants for exploitative positions and those in the lower ranks of the exploiting group must continuously strive to better their positions. To escape the lowest class one must have his eyes on the highest. Those who occupy the best positions must defend them against the rest of society beneath them. In order to rule they must also, like all other rulers, divide. Their own needs and security enforce the establishment, re-creation, or maintenance of class relations. Increased social productivity on the basis of class relations increases all the frictions in all layers and between all layers of society. To weaken those who are seemingly powerless in order to secure the rule of the "strong", the weak must be kept impoverished. If they are continually impoverished, they are not only weak but also dangerous. To cope with this danger the forces of coercion must be strengthened and kept intact. They have to be maintained with the profits sweat out of the workers. Newly arising social groups have to be "bribed" to remain loyal. To get the profits needed for the security of this hierarchical arrangement on the basis of an expanding economy, exploitation must be increased. To make this possible, capital must be accumulated. If the expansion process starts on such a basis, accumulation in the interest of the ruling class becomes of necessity accumulation for the sake of accumulation.

Responsible for this fatal trend are the continued class relations on the basis of a developing social division of labor. The necessity for each group to secure its own restricted interests atomizes the whole of society and fosters the struggle of all against all. Social solidarity is here excluded. Such a situation does not allow for the elimination of those blind forces which operated *through* the market mechanism throughout capitalistic development. For it was not the market but the class relations behind that market which were responsible for the unseen forces back of the capitalist accumulation process. The end of market relations does not indicate the beginning of a consciously regulated social production and distribution so long as the class relations which were behind the market relations continue to determine social production and distribution. All planning turns out to be planning in the interest of a class and can only deepen the contradiction between special and social interests which is at the bottom of all present-day troubles. As long as there are buyers and sellers of labor power, all the planning of the buyers is planning against the sellers. The enlarged reproduction process under such conditions deepens the reproduced class frictions and leaves unsatisfied the objective need for real social planning. Such a system cannot exceed the social accomplishments of private property cap-

chaos because it adds another irritating element — this very same planning — to the already thousandfold-disturbed economy. Just as the growth of monopolies increased the capitalistic disorder with the increase of production, state-capitalistic "planning" is making more chaotic what seems already to be completely crazy. It is an illusion to conclude from the fact that state capitalistic planning has been able to expand production at a time when the rest of the world was unable to overcome its stagnation that this kind of "planning" can solve the social problems of today. It can expand production, yes, but at the price which had to be paid for all unplanned capitalistic expansion: greater chaos. Furthermore, as there is no longer a "national economy", the element of planning — in each nation only further disturbing the economic and social relationships — helps to create a greater chaos in the world economy. The ascendancy of "planning" occurred simultaneously with the increased difficulties of world-capitalism. The further disruption of the old world economy brought about by national planning in turn reacts quite unfavorably upon the different nationally planned economies. Planning meets counter-planning, finally war. This whole contradictory trend is no more than a further expression of the still declining capitalistic system.

The accelerated atomization of society comes to light also in feverish attempts to overcome its objective destructive element by strengthening its subjective control element. Attempts are now made to create the perfectly controllable human being, because social and economic conditions which would allow for both social order and class rule cannot be established. The "old" capitalism has been able to do both foster its specific interest, a fact expressed in the growth of monopolies, and without much effort to guarantee some sort of regulation securing social stability and allowing, as a by-product, illusions of democracy and liberty. Dennis's "socialism", however, functions exclusively and most directly in the interest of the ruling class. That it cannot help leaving parts of the social product to the workers, this regrettable necessity it shares with all other ruling classes of all other societies. But where the "old" capitalism, because of the absence of "planning", because of market fluctuations, crisis conditions, and other uncontrollable phenomena often could not prevent the rise of situations which granted the workers moments of respite, this kind of unearned "social justice" has now been planned away in "socialism".

Within certain limits workers have been able to take advantage of capitalistic anarchy — for instance, during depressions, when prices fell faster than wages, or during strikes, which gave them an otherwise unobtainable leisure period. And though these "lucky breaks" for some of the workers could not influence the course of capitalist development or the general situation of the workers, nevertheless they represented openings in the otherwise watertight capitalistic exploitation system. This kind of

"waste" is now eliminated in the "socialist" planning system. The more wasteful the exploitation system becomes by reasons of its unreconcilable

enmity to the social needs of the world, the more it tries to restrict that "waste" which, though in a very paradoxical manner, somehow favors the workers. "Socialism" is thus the replacement of a less perfect by a more perfect exploitative mechanism.

A greater need for profits is expressed in this kind of "planning". To achieve it, the changes from private property economy to Dennis's "socialism" are necessary. But nothing of importance in regard to social needs has here occurred. The need for ever greater profits is capitalism's permanent need. Heretofore it has always been satisfied by more intensive exploitation and by the exploitation of additional laborers. Capital grew with the growth of productivity, its concentration progressed, and thus society became polarized into two essential classes. "Socialism" changed nothing in this respect. With additional political means it only accelerated that very same process. The greater need for surplus value — and there is a greater need in capital — poor countries such as Japan, Russia, Italy and Germany — forced those nations to go farther with capital concentration than richer nations had to do, because of their so-called more "organic" development. It became necessary for capital-poor nations to approach the extreme in concentration and centralization because of world-wide depression and general capital stagnation.

It is a known fact that in Germany long before the first world war cartelization in industry and state interference in economic life were much more advanced than in other countries. It is known that Russia was characterized not only by its backward agriculture but also by the existence of large industrial trusts, partly under governmental control. A similar situation existed in Japan. These nations had to do in *advance* what became with the "richer" nations only the *result* of a long development. Politics had to play a greater part in the poorer countries that tried to industrialize themselves. "Planning" had to compensate for economic disadvantages. In the case of Russia a whole state-capitalistic revolution was necessary to break an economic stagnation which was slowly strangling the country. That the "stronger" nations now have to follow suit indicates only that their strength is also waning. The general dearth of capital also forces the richer nations to reorganize their exploitative mechanism.

No new industrial revolution or continuation of the old through "socialism" is here involved as Dennis wants to believe, but, to repeat, only another forceful attempt by present-day capitalism to fight its way out of world-wide depression. Those nations most pressed by the crisis fight the hardest. Whatever Dennis may read out of the books of the apologists for Russian and German "socialism" he cannot prove that "socialistic" countries have carried on the industrial revolution where "old" capitalism left off. The single continuous strip-mill for steel production in Germany, for instance, was imported from the United States. Manchukuo was open-

ed by *England* and Japan on a fifty-fifty basis. German rationalization was made possible by American loans. Machinery imported from capitalistic

nations made possible Russian expansion of industrial production. The tempo of Russian development is no greater than that of other capitalistic countries that profited from the experiences of older capitalistic nations, sometimes under even less favorable conditions — for instance, Japan. What distinguishes these countries from the so-called democratic nations is not their furthering of the industrial revolution, but their *early direction* of production toward a war economy designated to reach by warfare and political pressure what they could not reach by any other means. This kind of "socialistic" advancement of the industrial revolution can also be achieved by the democratic nations, as they are at present trying to prove.

To support his view of the matter Dennis points out that, in contrast to the "democratic" nations, there is no unemployment in Russia and Germany. However, in the first place, socialism would not be socialism if it could not increase unemployment, that is, reduce working hours and give people a chance to enjoy life. Socialists may oppose the insane distribution of the social labor in capitalism which forces some workers to work until their tongues hang out of their mouths and others to dream about the great privilege of being exploited. But socialism cannot oppose unemployment. In one sense, socialism is finally nothing else but the triumph of unemployment. Secondly, it is not true that Germany and Russia have solved the unemployment question.

Capitalistic unemployment means suffering. Workers will demand jobs in order to better their conditions. Full employment appears to be a real service to the workers. But even this paradoxical solution, able to satisfy an immediate demand on the part of the workers, has not been fulfilled in "socialism". Unemployment may exist even where it is no longer recorded. The English and rather pro-Russian economist *Colin Clark*, only recently pointed out in his book "A Critique of Russian Statistics" that the Russian countryside is very much overpopulated. He showed, for instance, that the 1928 output of Russian agriculture could have been handled by 40 or 50 million workers, but that 74 million were thus occupied at that date. He puts the surplus population of the Russian country-side at 40 to 50 millions, workers and dependents together, and calls it "disguised unemployment on a gigantic scale" which overshadows the whole economic life of Russia. As regards the industrial revolution in Russia, he shows that there was virtual stagnation in the years from 1928 to 1934, accompanied by a decline in agricultural production. The greater influence exerted upon the whole economy by the increased armaments since that time and the repercussions of the world-wide economic depression upon Russian economy have not improved the situation. No, Russia has not as yet demonstrated that its societal form is a better medium for the industrial revolution than *private property capitalism*.

Neither can Germany's war economy be given as a proof of her success in doing away with the problem of unemployment. In economic terms German war socialism implies the opposite — it proves an increase in un-

employment. Beyond a certain number of jobless, that which is called "normal", needed to fill the fluctuating demands of capitalistic production and to serve as an additional weapon to keep wages down and workers in their place, unemployment fills the hearts of capitalists with deep sorrow; the loss of exploitable labor power demonstrates to them lost opportunities to get rich. The war economy, however, employs all hands. It raises an enormous amount of surplus labor, but fails to transform that labor into profits able to be capitalized. What should be profits leading to industrial expansion and still more profits is only another form of waste. There is no difference if profits are not produced at all, or if their basis, surplus labor, after it has taken the form of "use values", disappears as costs of war. The destruction of the potential capital here involved and the deterioration of the capital on hand are only the accelerated form of capital destruction experienced in former crises. The unemployed soldiers are merely the uniformed version of the unemployed armies of former depressions. Their feeding and fattening before the slaughter is only another variation of relief in addition to all the others enforced in previous crises. This, too, is a disguised form of unemployment and demonstrates "socialism's" inability to solve that problem which was one important reason for the change from capitalism to "socialism".

The Blessings of Fascism

Though it would be quite difficult for Dennis to prove that the industrial revolution would actually continue under fascistic auspices, it must be granted that there is far more activity and noise in fascism than in yesterday's democracy. To justify the fascist transformation of capitalist society, celebrated as the return of "dynamism", Dennis rightly asks: "Why should a political regime enjoying a monopoly of propaganda and guns take orders from men who have nothing but money?" Indeed there is no reason why they should, as "property rights derive from guns and propaganda, not guns and propaganda from property rights". However, though it is true that guns and propaganda were and are pre-requisites to property, the fact that Dennis's "socialism" arrived at a certain stage of capitalistic development shows, at the very least, that guns and propaganda cannot always be directly identified with the power to control complex societies.

Guns and propaganda control society when they are fused with the productive apparatus, which presupposes that the productive apparatus lends itself to such a fusion. Capitalism's development was such that fascism — that is, the fusion of guns, propaganda and property — could only be the result of a long process of economic and political centralization. Even the fact that it became possible to shorten with political means the period of

monopolistic development, as in the case of Russian state-capitalism, can be explained only through the concentration of capital previously carried through in other nations. When Lenin, for instance, pointed out that the Russian Revolution was a bourgeois revolution against the bourgeoisie, he

practically said that because of the actual world situation created by previous capitalistic development there could be no Russian repetition of the process of capital development such as other countries experienced. Russia had to do *rapidly* what in other nations occurred *slowly*. The Russian Revolution was furthermore a state capitalistic revolution against world capitalism, because it attempted to stop the latter's exploitation of Russian labor. There is undoubtedly a direct connection between the present-day fusion of guns, propaganda, and property in the "socialistic" nations and the general development of world capitalism.

Capitalist society evolved out of feudalism, that is, out of a society of numerous relatively independent units of force and property. The modern nation-state created by capitalistic elements, developed a new unity of force and property operating on a larger scale. At first, however, there arose what was apparently a separation of property, guns, and propaganda. The variety of classes and interests, fostered by the rapid extension of the division of labor, specialization in economic activity, and growth of capital production, demanded a state with limited powers. Such a state was sufficient to guarantee "order" because of the expansion of capital, by which, seemingly, all classes, and even parts of the working class, profited. The dissatisfied elements in society, even if in the majority, could not seriously challenge the prevailing optimism which could speak of the existence of "civilization" because "one could walk unarmed among his enemies". No particular class or group needed to usurp all state power for itself nor found it possible to do. Even Napoleon did not dare to interfere, nor did he wish to interfere, with the interests of French commerce and industry. Even he had to leave intact the division of property and guns, which slowly turned the state into the direct servant of capital.

A relative "balance of power" between the various exploiting groups precluded for a long time the fusion of state and capital. But the divorce between state and property was of concern only to the exploiting classes; it never existed for the exploited. Despite all the frictions among the ruling classes with regard to the exploited part of the population their interests were identical. For themselves the ruling classes favored as the "best government, no government". Government was thought of as no more than the instrument of class rule. But after the concentration-of-capital process had been completed, the instruments necessary for centralized control by coercion and integration of the whole of society — with a sufficient polarization in a relatively small group of actual rulers and a large majority of ruled — had been created, and after the state had already become the direct instrument of capital, it then became possible once more to fuse completely guns,

propaganda and property.

When the Marxists pointed out that the state could never be more than a class organ of capitalism (and they pointed it out at a time when governments controlled by landowners were occasionally willing to "cooperate" with the workers against capitalists, and other governments were willing

to "cooperate" with capital and labor against agrarian interests), they did so because, as far as the workers were concerned, there always existed the unity of propaganda, guns, and property. What was true for the workers at any particular time during capitalism's development became true for the whole of society with the further concentration of capital and its political consequences.

To speak of a difference between property and state was only another way of saying that the *division* of surplus value was still largely determined by market laws, that the monopolistic destruction of competition was only in its infancy. However, commodity production is only competitive because it is also monopolistic. Commodity production, however competitive, is always production for monopolists, that is, for profit in the interest of those who own or control the means of production. The existence of *commodity labor power* implies the monopolistic character of production and distribution. If a socio-economic development starts out on such a basis, and if it is not interrupted by a real social revolution which destroys the commodity character of labor power, it can end only in the completion of monopolistic rule, in state capitalism. State capitalism thus finds its cause not in the concentration process of capital, not in an organizing principle, but in the commodity character of the workers' labor power. The concentration process is only one phase of this general development. For this reason it is inconceivable for Marxists that capitalism could be abolished, except through the abolition of commodity production, wage labor, and value relations.

The new fascistic unity of guns, propaganda, and property rests also on commodity production, on the existence of a proletariat which sells its labor power to those who have a monopoly over the means of production. This being the case, Lenin was forced to forget in post-revolutionary Russia the Marxian demand to end the wage system. He had to satisfy himself with adopting the prevailing capitalistic organizing principle which could effect, not the exploitative character of society, but only the division of surplus value. "Socialism", he said, "is nothing but the next step forward from State Capitalistic monopoly. Socialism is nothing but State Capitalistic monopoly. It is nothing but State Capitalistic monopoly made to benefit the whole people; by this token it ceases to be capitalistic monopoly".

The "dynamic" of "socialism" consists then of no more than the activity necessary to change the form of distribution. It leaves untouched the fundamental class relations that it takes over from the "old" capitalism, and thus *excludes* the change in distribution so much desired. Unhampered by a socialist past, not committed to a Marxian ideology, profiting from the experiences of the last twenty years, Dennis does not speak of a state cap-

italistic monopoly "made to benefit the whole people". Where Lenin thought he could turn his state into a paternalistic institution of the finest sort, leading over to the communist society, Dennis restricts himself to the sober statement that all that can now be expected is "a new pattern of inequality, emerging from the current revolt of the have-nots and the world triumph of national socialism". But, he continues, "for some time to come, it will

correspond better than the present pattern of distribution to the actual and new force pattern, all of which amounts to saying that it will constitute social justice". He fails, however, to offer one serious argument which could support even this kind of meager optimism with regard to the immediate future. All he is able to suggest is an enlarged and somewhat unessentially modified public works program, executed by a new set of politicians. In other words, he argues in favor of what already exists. But continuing "pyramid-building" in peace and war — that is, production for the sake of production, discipline and sacrifice for the sake of discipline and sacrifice, autarchism and hemispheric reorganization to guarantee more wars and an uninterrupted Spartan life — means only prolonging and intensifying the present-day miserable reality.

Some interesting speculation would have been possible if Dennis had entered into a discussion on the economic opportunities of state capitalism on the basis of a hypothetical unified world economy. There would even be some sense in discussing the economic and social aspects of national-socialism on the basis of its possible evolution into a perfect state-capitalist entity. But all that Dennis "forecasts" is the emergence of an American "mixed economy" where private incentive and private enterprise exist side by side with state-controlled enterprises, where the state takes over wherever private economy fails. But such proposals are only descriptions of a situation which has already arisen, and which is already delivering proof that it does not bring forth a new pattern of distribution favoring the poorer classes, but only drives the poorer classes from the relief stations to the battle field.

However, Dennis is less interested in the distributive side of his "socialism" than in the spiritual values connected thereto. In his opinion "the social problem of the world crisis today is one of finding sufficient dynamism, not of finding enough food." He thinks that there exists in men a real desire for war and danger, that sadistic and masochistic drives are important social forces, that people possess an inner compulsion to suffer, a need for discipline, heroism, sacrifice, and community feeling based on a sense of duty. The ideological noise accompanying the further concentration of capital in fascism appears to him as a revival song of the real human spirit on which society thrives. But all this grand phraseology, mere ideological weapons employed by the exploiting class to secure its position, has no more meaning than all those other sayings which the poor have always been forced to listen to — such sayings as "Dry bread brings color to the cheeks", "Hunger is the best cook", that one grows best if one eats

little, or even if one walks in the rain. Dennis's other prerequisites for the recreation of a social dynamism, such as the "will to power", the desire to rule, which makes history no more than the ever-recurring struggle between the "ins" and the "outs", the changing of the world by the changing of seats — all this, too, is old stuff, as meaningless as it is popular. The un-social character of society, increasing insecurity, and wide-spread misery have at all times provided more than enough of that kind of "dynamism".

The "desire for war and danger" in capitalism is none other than the desire for peace and security. People go to war and seem to like it, just as they seem to go happily to work. But they have no choice, and where there is no choice the question of desire cannot arise. Desire can determine action only in situations that offer alternatives; the "desire" to find work is not a desire but compulsion through outside forces. The "desire" to go to war results from the recognition that there is no escape. What one has to do, one "desires", because to "desire" what has to be done anyway makes the compulsion more bearable. But this kind of "desire" has nothing to do with "human nature". It is an "artificial desire" growing out of socially-created wide-spread fear and loneliness. The renaissance of spiritual values attributed to war and danger indicates no more than the general growth of fear due to further social disintegration. The "accidental" character of each one's existence, the decreasing opportunities to integrate one's life into the social process, prepare people to accept a life of "accidents", especially when such an attitude is fostered and supported by the enormous propaganda apparatus at the disposal of the ruling classes interested in war — interested in war not because they are human beings, but because they have to make others fight if they want to maintain class rule and exploitation. That there is a real desire on the part of some people to see others go to war springs from the quite ordinary desire to make some money or get a job.

Dennis's "idealistic" position with regard to the psychological motivations of men interests us least of all. It brings to light only his own perfect capitalistic mentality, which makes out of "socialism" in his mouth exactly what "democracy" is in the mouth of a capitalist. Despite all his insight into the brutal relations of contemporary society, despite the fact that his sharp eyes have spotted so many details in the ugly social panorama of today, and that his pen has put them down masterfully, still, his book is only another contribution to that bitter family feud now being waged between the supporters of state capitalism and the supporters of capitalism pure and simple. In this feud all the advantages are on the side of Dennis, not only actually, but also theoretically, as his book bears witness. A liberal democrat could not possibly oppose his arguments with any measure of success. And in fighting Dennis's "socialism" the laugh will be on Dennis's side, because his enemies will certainly in the process of fighting fascism have turned themselves into fascists.

The liberal democrat as well as Dennis has, however, nothing to say to nor offer the working class. According to circumstances both will have the workers' support for some time to come, but the societal forms defended or proposed by both are and remain in opposition to the real social needs of today, and thus in opposition to the working population. Dennis is right in believing that the workers have no reason whatever to prefer democracy as they know it to the fascism of today, but they have also no reason to prefer fascism to the democracy of yesterday, as they soon will be forced

to find out. To thinking workers who have escaped the capitalistic ideology of yesterday and today Dennis's book has nothing to say that they do not already know. Those workers who find themselves opposed to capitalism, not because the latter can no longer exploit them efficiently enough, but because they do not want to be exploited at all, can learn from Dennis's book just one thing, namely, that it is their job to start where he has left off, that what he sets as the temporary end-point of social development must be regarded as the starting point for new investigations and new actions directed against the new fascist reality.

Paul Mattick

THE DYNAMICS OF WAR AND REVOLUTION

Reply:

As a criticism of a criticism would necessarily get pretty far afield from the original subject of both and tend to degenerate into a rather sterile exercise in dialectics, I shall try only to summarize the main points of disagreement between my thesis and that of orthodox Marxism, the first thesis being that developed in my book and the second being that most ably presented in Mr. Mattick's criticism of the book. Both these are essentially explanations of the crisis of capitalism and of what may be the successor system.

My thesis: Capitalism is a culture which, like all cultures, is doomed by the iron law of change to decay and disappear. In the case of the capitalist culture, the specific changes explaining the actual phase of capitalist decline are (1) the end of the frontier; (2) the end of the industrial revolution — in the capitalist countries; and (3) the end of rapid population growth.

The Marxist thesis: Capitalism is doomed by reason of its inherent contradictions, the chiefest of which is the mechanics of the profit system, and, also, by reason of the progress of human enlightenment which will cause the workers of the world to set up and operate, in place of capitalism, a workers' socialist society.

My Rejoinder: The so-called contradictions in the capitalist system are operative factors only after the end or slowing down of the expansive factors of the frontier, industrialization and population growth. Capitalism worked like a charm as long as it had possibilities of continuous expansion in geometric progression. There is no contradiction in the rate of growth or proliferation in a colony of bacteria or living things. There is no contradiction in growth. But it is impossible for anything to keep on growing. Marxists cannot accept this thesis because they believe in progress and, also, in a future millenium. They could not entertain a hypothesis which would

30

doom the workers' paradise to decline and fall just like every preceding society.

My thesis: Every culture or social order tends, or has tended to be either fairly static or more or less revolutionary. An Egyptian civilization lasted for thirteen hundred years. Capitalist civilization is more revolutionary and shorter lived. By revolution is simply meant rapid change. Evolution refers to a slower rate of change. Modern inventions and technology make rapid social change a necessity. Capitalism was a pattern of rapid change. Present day collectivism, to work, has to be equally revolutionary.

A culture requiring continuous revolution, i. e., rapid change, needs a dynamism to sustain the necessary tempo of change. The great dynamisms of all societies have been religion and war. This remains today as true as ever. War is providing the dynamism for the inauguration of the successor system,—socialism—to capitalism. Quite possibly, within a few centuries or even, within a few decades, the conditions of modern technology and congested population may have so changed that mankind can revert to the simpler and more static cultures of the distant past. Certainly the tempo of either the capitalist revolution of the 19th Century or the socialist revolution of the 20th Century cannot be indefinitely maintained. This consideration, however, need not concern us greatly today since there is an evident possibility of running the socialist revolution at high speed for a longer period than most of us can possibly live.

The Marxist thesis: The Marxist cannot use the term revolution in this sense. Nor can he take this view of the dynamics of social change. Marxists have a teleology. They believe in social evolution as a process of progressive change towards a millenarian social order. Revolution for them is either a phase involving a shift from one scheme of "exploitation" as they call it to another or else a phase of change from exploitation to a non-exploitative order.

My thesis: Every culture has to be run by an elite. The more complex and the more revolutionary, the more essential the function of the directing elite. This is more or less Michel's "iron law of oligarchy".

THE MARXIST THESIS: EAST CIVILIZATIONS AND THE PRESENT CAPITALIST CULTURE have been based on exploitation of the workers by virtue of the monopoly enjoyed by a small class over the whole of production. In a worker's socialism such exploitation would cease. Inasmuch as there is exploitation in Soviet Russia by a ruling class today, true Marxists have to deny that Russia has true socialism and to call what Russia has state capitalism. It is, of course, impossible to prove that the socialist heaven on earth cannot be attained or that the Christian millenium is not going to be realized. It is possible only to point out that the socialist heaven and the Christian millenium are matters of faith rather than probability based on experience.

Pursuant to the Marxist tenet, Mr. Mattick attacks my analysis for failing to take account of the exploitation of labor by capital. The reason is quite simple: In the Marxist sense, every working society past or present has been or is characterized by exploitation and, it would seem to the realist who has not a millenarian vision of the future, must always be so characterized. In the Marxist sense, the exploitation of labor by capital merely means that capitalists retain a part of the product of labor for profits, interest or rent. In Russia, the ruling class retains a larger part of the product of labor for the general purpose of state capitalism there, one of these purposes being war and another being the enjoyment by the ruling class of a higher standard of living than that attainable by the mass of the workers.

My reply is that the ruling class must always retain a part of the product of labor for new capital investment, for governmental purposes, for preparation for war, a form of state investment, and for giving the ruling class a higher standard of living than that enjoyed by the masses. Else, there would be insufficient investment and insufficient incentives to management. To say that the masses will democratically order the right amount and types of investment is, in my opinion, to beg the question. Management is a specialized function. To say that the masses can manage their industries or their government is arrant nonsense. To say that those to whom they may delegate the functions of management will exercise these functions for the same rewards as those enjoyed by the masses of the workers is to talk contrary to all experience. In the capitalist countries the workers are not, anywhere or at any time, in revolt against the facts of management by the elite or of unequal rewards for the elite. What the masses revolt against is the break-down of a system and the failure on an elite.

My idea of a desirable socialist society for the near future is one in which there would be greater equality in distribution, greater stability in production, greater security and less liberty for the individual. The drive towards a new order is generated by frustration and hate rather than by aspiration and love. The leaders in any social revolt are those having vision and qualities of leadership. They are apt to be found mainly among the members of the managing class of the old order, though individual leaders may emerge from any social class. Our immediate problem is the next

step. This will probably be a war, followed by general break-down. As a result of these experiences, the people will demand new leaders — a new elite — to give them greater stability and security of income. To command the loyalty of the masses, the new leaders must have an appropriate folk-myth and social dynamic. These will be found quite easily in the given social situation. Aspiration for a millenarian utopia has no dynamism. People won't fight and die for such an ideal, that is not in significant numbers. They will, however, fight and die to avenge themselves against leaders who have failed them or against foreign foes. They will accept discipline as a means to order. They especially demand of their social order and their leaders to be integrated into the social scheme. This sense and

reality of community is what I understand by the word democracy in an ideal context. The role of the elite cannot be capricious, irresponsible, incompetent or inconsiderate of the demands of public welfare, as such role tends now to be in a declining capitalism. The masses now are growing dissatisfied, not with capitalism, but with the way it is working.

Lawrence Dennis

Rejoinder:

Having expected from Lawrence Dennis an elaboration and strengthening of his own position, we feel rather disappointed by his reply to our critique. His re-statement of the theses we challenged has the value of all repetitions, but nothing of interest is added to the controversy. We could leave it at that had Dennis's formulation of the Marxist theses actually expressed our own position. Since this was not the case, we have to deal with the matter once more.

First we should like to say that Dennis's reference to *the* Marxist thesis with regard to one or another problem is more than unfortunate. A Marxist position is taken with respect to historically-conditioned, specific situations. The Marxist thesis on the question of the capitalist market some eighty years ago, for instance, would not be the Marxist thesis on the same question in 1940. The Marxists' theses produced by Dennis are as dead as the capitalist period during which they arose. Though some Marxists did, Marxists never had to accept, nor do they any longer accept the thesis that the realization of socialism depends on "the progress of human enlightenment", nor do they believe in a "future millenium", nor do they shrink from the hypothesis that "the worker's paradise is doomed to decline and fall just like every preceding society." Dennis is undoubtedly able to point to a great number of statements proving the validity of his formulation of *the* Marxist theses. However, these belong to history, and one may safely predict that the last remnants of the capitalized labor movement, apparently adhering to a "Marxism" of the kind refuted by Dennis, will in the near future disappear completely.

Dennis's "iron law of change and decay" which will also affect socialist society only repeats once more the commonplace statement that nothing will endure forever. The decline of capitalism, for instance, means in social terms the decline of living opportunities for the non-capitalist layers of society. These layers are thus forced into opposition to the ruling elements that profit from this situation by virtue of their being in possession and control of the socio-economic power sources. In one sense, therefore, the "decline" of capitalism is also its further "rise." Capitalism is the livelier the more death stalks around; it is the "truer" to itself the more it is endangered by its willing and unwilling enemies; it is the richer the more it impoverishes. Expansion and contraction of its economic activity serve equally the profit and power needs of the ruling capitalistic groups. There is

then no such thing as the "decline" of capitalism, unless forces arise which make it decline by struggling against it to the finish. The conditions which create those oppositional forces show a decline only in so far as those forces will really struggle against capitalism. Otherwise one may speak of many things, such as mass starvation, unemployment, misery, war, but not of the decline of capitalism. As long as capitalist expansion means the growth of its contradictions, the end of expansion alone cannot be called the decline of capitalism. One may as well celebrate the end of expansion as the beginning of capitalism's eternal life — as is actually done by some of the modern advocates of free-trade.

Nor, like Dennis, can one get around the question by saying that "in growth there is no contradiction; it is only impossible to keep on growing", which, as regards social phenomena, means to "deny" a statement by repeating it. Chinese society, for instance, did not decline despite the absence of expansion and the existence of conditions of misery and want. This situation, transferred to the capitalist scene, would induce people to speak of the decline of capitalism. The decline of feudalistic China now in progress, as well as her previous "expansion" by way of emigration, cannot be brought "in line" with capitalistic expansion and capitalistic decline. The difference between the decline of feudalism and that of capitalism cannot be adequately expressed by stating the obvious: that one society was more static than the other both in its ascendancy and in its decline. Why was the one more static and the other more "dynamic"? Such an inquiry cannot be satisfied with the statement that "modern inventions and technology make rapid social change a necessity". Why did this technology not arise in China and force a rapid change upon her? These questions can be answered, but not by naming the facts which gave rise to the questions, not by an empty generalization such as "the iron law of change and decay", but only by a thorough investigation of the concrete differences between various societal forms — an undertaking which reveals at once that it is not possible to speak of forms and reasons of decline that hold good for all societies.

The "decline" of capitalism makes sense only if it finds expression in the action of the masses. It is neither stagnation nor the increase of misery

which gives validity to revolutionary expectations, but the fact that together with those conditions there arise an industrial proletariat, the wide-spread division of labor, the dominance of commodity production, large scale industry and a capitalized agriculture, the urbanization and break-down of the gap between city and village, the internationalization of economy, the mechanization of warfare, the industrial character of the armies, etc. The specific capitalistic character of society gives a specific meaning to its rise and decline. The reasons for revolutionary change, as well as the forces bringing it about, are particular ones and make sense only in so far as they are particular. Finally, that they must also be regarded as parts of the general development of mankind is as true as it is unimportant. With or without variations in the tempo of development, the "decline" of socialism will certainly not be a repetition of that of capitalism any more than the decline

of capitalism was a repetition of that of feudalism. The changes in socialist society will have their specific reasons and their particular forms, quite unlike the reasons and the kinds of change in previous societies. What they will actually be like the Marxists leave to the future to decide, not because they lack curiosity, but because they do not try to know the as yet unknowable.

It is interesting, however, that the same Dennis who overflows with terms like change, dynamism, permanent revolution, etc., has such a static outlook with regard to change and revolution that all past and future social changes are to him only copies of those experienced in the bourgeois revolution and within the capitalistic development, that the "dynamism" that changes capitalist society is to him the unchangeable dynamism of the past and the conceivable future. For him the necessary partition of the social product for different social purposes and needs remains for all time to come, and was determined throughout history by the specific production and distribution requirements of capitalist society — and this to such an extent that he even uses specific capitalistic terms such as "capital investment" when he speaks of the increase of production in socialism. He mistakes capitalistic formulas, such as profit incentives and profit motives, for necessary and unalterable requirements of the division of labor, although they are nothing but false "psychological" explanations for the curious character the division of labor, surplus value, of workers and management assume under capitalistic relations. All that is specifically capitalistic is eternalized by Dennis, who, despite the professed "dynamic" outlook, restricts himself everywhere to the static and sterile demand of maintaining the present by making the capitalistic more capitalistic.

But what, besides being the most unfortunate term one could select in speaking of social development, is this "dynamism" anyway? For Dennis it is, as far as private-property capitalism is concerned, the "frontier, rapid industrialization, and population growth". As far as all previous development is concerned "colonization and war" provided the "dynamism". War also

ment is concerned religion and war provided the dynamism. War also provides "the dynamism for the inauguration of socialism", which will then derive its further dynamic from the continued industrial revolution. All this is finally "generated by frustration and hate", which moves people to "demand new leaders — a new elite — to give them greater stability and security of income". It is, however, difficult to see why frustration and hate must work in the interest of a new elite, why only a new elite can turn the war into the medium for further industrialization, and just why this new elite cannot afford to be "capricious, irresponsible, incompetent or inconsiderate of the demands of public welfare". Frustration and hate may just as well serve the class in power, war may be waged and the "demands of public welfare" somehow fulfilled by it, especially when, as Dennis wants us to believe, the "problem of the world crisis today is one of finding sufficient dynamism, not of finding enough food" — that is, one of finding more frustration and hate, engaging more frequently in war, and creating greater demands for the changing of elites.

35

All this would be quite ridiculous if Dennis were really out to explain social development. But his peculiar theory of social change is no more than a description of the present political situation from the viewpoint of a conscious fascist, for whom all and everything leads to and ends in the replacement of one set of leaders by another.

To continue from this point would only lead us back to a repetition of our original critique of Dennis's work. A re-statement, however, in view of the utter sterility of his reply, might easily be somewhat less appreciative of his positive attempts to find a new social theory.

P. M.

THE WORKERS' FIGHT AGAINST FASCISM

"Democracy" — a self-styled name for the traditional set-up of present-day capitalist society — is fighting a losing battle against the attacking forces of Fascism (Nazism, Falangism, Iron Guardism, and so forth). The workers stand by. They seem to say again what their predecessors, the revolutionary workers of Paris in 1849, said in regard to the final struggle between the leaders of a self-defeated liberal democracy and the quasi-fascist chief of a new Napoleonic imperialism, Louis Bonaparte. They said (as interpreted by Marx and Engels) "*C'est une affaire pour Messieurs les bourgeois.*" (This time it's a matter to be settled among the bosses).

The "secret" underlying the verbal battles between "totalitarianism" and "anti-totalitarianism" and the more important diplomatic and military struggle between the Axis and the Anglo-American group of imperialist powers is the historical fact that the worst, and the most intimate foe of democracy today is not Herr Hitler, but "democracy" itself.

Yet this is not a problem of "split personality" nor can it be explained

as an "inferiority complex", or a "father complex", or any of the other lofty creations of Freudian psychology. It is not even a conflict between old age and youth, or, as Mrs. Lindbergh puts it, between "the forces of the past and the forces of the future".

The real facts underlying all these high-sounding phrases are to be sought nowhere else but — re-enter Marx — in the material basis of all ideological conflicts, that is, in the economic structure of contemporary society or in the impasse that modern capitalism has reached in the present phase of its historical development.

Ambiguities of Democracy

We must not, however, jump to conclusions. Before we explain the basic reasons for the ambiguities of "Democracy" in its present "fight" against the fascist challenge, we must deal somewhat more closely with the phenomenon itself. We must show that the assumed split, though it does not exist in any psychological, anthropological or cosmical sense, does yet

exist as a very real split in what, for want of a better term, we shall continue to call the "class consciousness" of the ruling strata of present-day society.

We shall not waste our time with a discussion of the more conspicuous forms in which this condition manifests itself — a world-wide war between two equally capitalistic parts of that one big capitalistic power that rules the world today, and the open division of each of the fighting parties into mutually opposed factions. In spite of the fact that in our truly "Chinese" age every party and every faction endeavors above all to "save face" by hiding its own and borrowing its opponents' slogans and by pretending "not to offer any solution", it is sufficiently clear today that the same divisions that became visible in the collapse of Norway, Holland, Belgium and France exist and develop in various forms both in the actually fighting, and the so-called neutral, "democracies". This alone is sufficient to prove that the present "war" is fundamentally a "civil war", and will be decided in the future, just as it has been up to now, not by the relative military, or even the economic, strength of the fighting countries, but by the help that the attacking force of fascism will get from its allies within the "democratic" countries. The main task of the following paragraphs is to deal with the less conspicuous manner in which this internal strife pervades the "conscience" of every group, of every institution, and, as it were, of every single member of present-day "democratic" society.

The American public today hates and fears the growing threat of fascism. It takes a fervent interest in the various official and non-official forms of the search for "Trojan horses" and "fifth columnists". It girds itself for the defense of the democratic traditions against the attack that is brought nearer our shores by the progress of the Nazi war in Europe, Africa, and Asia. At the same time, an increasing part of this American public is secretly convinced of the several material benefits that could be derived for the so-called "elite" and, to a lesser extent, for the mass of

the people as well, from an acceptance of fascist methods in the field of economics, politics, and, maybe, even for the promotion of the so-called "higher" cultural and ideological interests. It is apt to regard the very institutions and ideals for which it is prepared to "fight" as a kind of "faux frais" of production, of conducting the business of an efficient modern administration, and of fighting a modern war. It never seriously considered "democratic" methods as an adequate means of running an important private business, or, for that matter, a business-like trade union. It would prefer, on the whole, to have its cake and eat it too, that is, to apply those amazingly successful new methods to the fullest advantage, and yet at the same time, somehow retain a workable "maximum" of the traditional "democratic" amenities.

It is easy to see that this more or less platonic attachment to the great democratic tradition, in spite of the assumedly greater material advantages of the fascist methods, offers small comfort for the real prospects of democracy in times of a serious and hitherto unconquerable crisis. In fact, an increasing number of the foremost spokesmen, the most vociferous "experts",

and the truest friends of democracy begin to express some grave doubts as to whether their unyielding allegiance to the "underlying values of the democratic American tradition" has not already degenerated into a costly hobby that the nation may, or, in the long run, may not be able to afford. (This sentiment became most evident in the all too-ready response of the greater part of the American "democratic" public to Anne Lindbergh's recent booklet).

There are some definite fields in which even the most fervent opposers of the ruthlessness of the fascist principles admit an undeniable superiority of totalitarian achievements. There is, for example, universal admiration for the splendid work done by the Nazi propaganda. There is widespread belief in the full success of the Nazi attack against the most *incurable* plagues of modern democratic society. Fascism is supposed to have abolished permanent mass unemployment and, by one bold stroke, to have released the brakes put on free enterprise by wages disputes and labor unrest. There is a tacit agreement that an all-round adoption of fascist methods will be necessary in time of war.

An Economic Pythia

The most striking testimony to present-day democracy's implicit belief in an overwhelming superiority of fascist methods is to be found in an official document published in June, 1939, by the National Resources Committee, that deals with the basic characteristics of *The Structure of the American Economy*.¹⁾ We shall make ample use of this Report when we approach the main question of our present investigation. For the moment, however, we shall disregard the momentous discoveries made by Dr. Gardiner C. Means and his staff with regard to the present state of American economy. We shall deal exclusively with the forecast of the chances for

a survival of the democratic principle that is revealed in the general statements contained in the Introduction and Conclusion.²⁾

The authors of the Report start from an impressive description of the well-known "failure" of the present economic system to use its gigantic resources effectively:

"Resources are wasted or used ineffectively as parts of the organization get out of adjustment with each other, or as the organization fails to adjust to new conditions; as individuals fail to find, or are prevented from finding, the most useful field of activity; as material resources are unused, or as their effective use is impeded by human barriers; and as the most effective technology is not used or its use is prevented."

They attempt to estimate and picture the "magnitude of wastes" that resulted from this failure both during the depression and the preceding non-depression years. According to this estimate the depression loss in national income due to the idleness of men and machines from 1929 to 1937

1.) For sale by the Superintendent of Documents, Washington, D. C.; vii; 396 pp.; \$1.00.
2.) Cf. pp. 1-5, 171. All quotations in the following paragraphs, if not otherwise marked, are taken from these pages. Emphases by K. K.

was "in the magnitude of 200 billion dollars worth of goods and services". This extra income would have been enough to provide a new \$6,000 house for every family in the country". At this cost "the entire railroad system of the country could have been scrapped and rebuilt five times over". It is equivalent to the cost of rebuilding the whole of the existing "agricultural and industrial plant" of the nation.³⁾ Even in the peak pre-depression year, 1929, both production and national income could have been increased 19% by merely putting to work the men and machines that were idle in that year, even without the introduction of improved techniques of production.⁴⁾

The authors then go on to deal with the "impact" of this waste upon the community as reflected in the development of a "sense of social frustration" and in "justified social unrest and unavoidable friction". They begin, however to show a wavering in their democratic convictions when they proceed, in the following paragraph, to discuss the "tremendous opportunity" and the "great challenge" that this very waste of resources and manpower presents for the American nation today. The "great challenge" for democracy assumes at once the sinister features of an impending tragedy:

"How long this opportunity will be open to the American democracy involves a serious question. The opportunity for a higher standard of living is so great, the social frustration from the failure to obtain it is so real, that other means will undoubtedly be sought if a democratic solution is not worked out. The time for finding such a solution is not unlimited."

And they reveal their inmost sentiment as to the probabilities of a "democratic solution" of that tremendous task by the very language in which they finally "state the problem" arising from the results of their investigation:

"This problem, the basic problem facing economic statesmanship today, can be stated as follows: How can we get effective use of our resources, YET, AT THE SAME TIME preserve the underlying values in our tradition of liberty and democracy? How can

we employ our unemployed, how can we use our plant and equipment to the full, how can we take advantage of the modern technology, YET IN ALL THIS make the individual the source of value and individual fulfillment in society the basic objective? How can we obtain effective organization of resources YET AT THE SAME TIME retain the maximum freedom of individual action?

This same defeatistic sentiment pervades, as it were, the whole of this otherwise most valuable official document. There is nowhere an unambiguous attempt to claim for the democratic principles any material value or usefulness for restoring the good old days of capitalism or for bringing about an even greater expansion for the productive forces of the American economic community. There is nothing but a sentimental craving for a policy that would not be altogether incompatible with a more or less verbal allegiance to a few remnants of the "democratic" and "liberal" traditions and that might yet work as well as the fascist methods, which they never question. Thus the whole of the proud attempt to conquer a new world of prosperity and of full use of resources and manpower for American democracy boils down to a pronouncement about the result of the impending struggle between democracy and fascism that in its sinister ambiguity rivals the

3.) Cf. pp. 27

4.) Cf. *America's Capacity to Produce*, Brookings Institution, p. 422 Quoted — p. 3

well-known oracle of the priestess of Delphi. "If Croesus sets out to conquer the country beyond the Halys, he will destroy a great empire," said the oracle of ancient Greece. "If the present government of the U.S.A. sets out to conquer the problems of unused resources and mass unemployment, it will destroy an important form of government," echoes the economic oracle of our time.

A New Fighting Ground

It appears from the preceding observations that the workers are quite right if they think twice before they listen to the generous invitations extended to them from every quarter, including most of their former leaders, to forget for the time being about their own complaints against capital and to join wholeheartedly the fight against the common enemy. The workers cannot participate in "democracy's fight against fascism" for the simple reason that there is no such fight. To fight against fascism means for the workers in the hitherto democratic countries to fight first of all against the democratic branch of fascism within their own countries. To begin their own fight against the new and more oppressive form of capitalism that is concealed in the various forms of pseudo-socialism offered to them today, they have first to free themselves from the idea that it might still be possible for present-day capitalism to "turn the clock back" and to return to traditional pre-fascist capitalism. They must learn to fight fascism *on its own ground* which, as we have said before, is entirely different from the very popular, but in fact self-destructive, advice that the anti-fascists should learn to fight fascism by adopting fascist methods.

To step from the ground on which the workers' class struggle against capitalism was waged in the preceding epoch to the ground on which it must be continued today presupposes full insight into a historical fact that is not less a fact because it has served as a theoretical basis for the claims of fascism. This historical fact that has finally arrived today can be described, as a first approach, either negatively or positively, in any of the following terms: End of the Market, End of Competitive Capitalism, "End of Economic Man"; Triumph of Bureaucracy, of Administrative Rule, of Monopoly Capitalism; Era of Russian Four Year Plans, Italian Wheat Battles, German "Wehrwirtschaft"; Triumph of State Capitalism over Private Property and Individual Enterprise.

The tendency toward this transformation was first envisaged by the early socialists in their criticism of the millenial hopes of the bourgeois apostles of free trade. It was later more and more neglected by the socialist writers in their attempt to adopt their theories to the needs of the progressive fractions of the bourgeoisie. When it was finally revived, around the turn of the present century, it was already destined — as we can see today — to serve not the purposes of the socialist revolution, but rather the aims of the imperceptibly-growing counter-revolution. We shall presently see that today any further denial of the accomplished fact has become impossible

even for hard-boiled defenders of the traditional dreams of bourgeois economy.

The Corporate Community

For a more detailed description and factual confirmation of this general statement we turn again to the above discussed document which contains, as far as the writer can see, by far the most comprehensive, the most reliable and, at the same time, the most dramatically presented information on the subject. When this government report on The Structure of the American Economy first became known to the American public, the chief sensation was created by its careful statistical proof that even the boldest estimates previously made were far below the degree of monopolistic concentration actually reached by American Economy. According to the statistics given and explained in Chapters VII and IX and Appendices 9-13 of the Report — that bring up-to-date the figures published in 1930 by Berle and Means in *The Modern Corporation and Private Property* — the 100 largest manufacturing companies of this country in 1935 employed 20.7% of all the manpower engaged in manufacturing; accounted for 32.4% of the value of products reported by all manufacturing plants; and contributed 24.7% of all the value added in manufacturing activity.

Although there are some cases in which these large corporations comprise almost the whole of a particular industry (steel, petroleum refining, rubber and cigarette manufacturing), manufacturing industries on the average cannot compete with the much higher degree of concentration that has

been reached by the railroads and public utilities. Of the total number of the 200 "largest non-financial corporations" that are listed in the Report approximately half are railroads and utilities; the railroads included in this list in 1935 operated over 90% of the railroad mileage of the country, while the electric utilities accounted for 80% of the electric power production, for most of the telephone and telegraph services of the U.S.A., and a large part of the rapid transit facilities of New York, Chicago, Philadelphia, Boston, and Baltimore. No less striking are the figures relating to the 50 "largest financial corporations" including 30 banks, 17 life-insurance companies, and 3 investment trusts, each with assets of over 200 million dollars. The 30 banks together hold 34.3% of the banking assets of the country outside of the Federal Reserve Banks, while the 17 life-insurance companies account for over 81.5% of the assets of all life-insurance companies. There is an equally high degree of concentration in the field of government activities. The 20 "largest government units" together employ 46% of all the manpower employed in government, excluding work-relief programs. The largest of these, the Federal Government, is by far the largest single "corporation" in the country; the post office alone employed in 1935 nearly as many persons as the largest corporate employer.

All these figures, however, do not tell half the story of American business concentration. Much more is shown by a breakdown of the total

number into major industrial categories and by an investigation into the growth of the relative importance of the large corporations from one-third of the assets of all non-financial corporations in 1909 to over 54% in 1933. And the whole picture begins to reveal its true significance when the report endeavors to show the tremendous degree of inter-relationships through which "the managements of most of the larger corporations are brought together in what might be called the *corporate community*." (emphasis by K. K.) This is indeed a picture that might cure the illusions of the most innocent believers in that "spirit of free enterprise" that must be protected by "all means short of war" from the sinister threat of "totalitarianism." There is very little difference between that economic "co-ordination" that is achieved, and sometimes not achieved, by the political decrees of victorious Nazism, Fascism, and Bolshevism, and this new "corporate community" that has been created by a slow but relentless process in this country through the system of "interlocking directorates", through the activities of the major financial institutions, through particular interest groupings, through firms rendering legal, accounting, and similar services to the larger corporations, through "intercorporate stockholdings", and a number of other devices.

After a careful study of the working of all these different devices, the Report reaches its climax by disclosing that no less than 106 of the aforesaid 250 largest industrial and financial corporations and nearly two-thirds of their combined assets are controlled by only "eight more or less clearly defined interest groups". (Even this estimate, as pointed out by the authors themselves, falls far short of reality: "No attempt is made to in-

clude the assets of smaller corporations falling within the same sphere of influence, though many such could be named." Other and more important shortcomings will be discussed below.) To give an idea of the significance of this fact, we must restrict ourselves to a few data concerning each of those eight mammoth groups.

1) *Morgan-First National* — Includes 13 industrial corporations, 12 utilities, 11 major railroads or railroad systems (controlling 26% of the railroad mileage of the country), and 5 banks. Total assets:

	(Millions of dollars)
Industrials	3,920
Utilities	12,191
Rails	9,678
Banks	4,421
Total	30,210

2) *Rockefeller* — Controls six oil companies (successors to the dissolved Standard Oil Co.) representing 4,262 million dollars, or more than half of the total assets of the oil industry, and one bank (Chase National, the country's largest bank; assets: 2,351 million).

3) *Kuhn, Loeb* — Controls 13 major railroads or railroad systems (22% of the railroad mileage of the country), one utility, and one bank. Total assets: 10,853 million dollars.

4) *Mellon* — Controls about 9 industrial corporations, one railroad, two utilities, two banks. Total assets: 3,332 million dollars.

5) *Chicago group* — Controls on the basis of interlocking directorates 4 industrial corporations, 3 utilities, 4 banks. Total assets: 4,266 million dollars.

6) *Du Pont* — Comprises 3 top rank industrial corporations and one bank. Total assets: 2,628 million dollars.

7) *Cleveland group* — The Mather interests control through the Cleveland-Cliffs Iron Co. the four so-called independent steel companies; control two other industrial corporations and one bank. Total assets: 1,404 million dollars.

8) *Boston group* — includes 4 industrial corporations, 2 utilities, one bank. Total assets: 1,719 million dollars.

In interpreting this list, the reader should have in mind that it is far from complete. As we have seen, the authors, on principle, have only considered interconnections between the 250 largest non-financial and financial corporations. Even within these limits, many corporations that are "fairly closely related with one or another of these groups" have been left out for technical reasons. For example, the giant *International Paper and Power Corporation* that is equally closely related to Boston and Rockefeller

was therefore assigned to neither the Boston nor the Rockefeller groups. Ten equally important links between the eight big interest groups are considered in the Appendix but are only slightly touched upon in the body of the Report.

Even with these restrictions, the *corporate community* as described in this report appears as a momentous concentration of economic and thus also of political power. The Report does not deny the importance of the controls that the corporate community "exercises over the policies of the larger corporations, through them affecting the whole American economy." It is equally aware of their political significance. Just as the controls exercised by the organized interest groups — the big associations of capital and labor, the organizations of farmers and of consumers — operate through government, so also do "some of the controls exercised by the corporate community operate through government." Yet, says the Report: "it is not intended to imply that these aggregations of capital ever act as a unit under the rule of individual or oligarchic dictatorships. The social and economic content of the relationships which bind them together is far more subtle and varied than this." It would not be easy to determine just what degree of subtlety and variety separates a democratic from a dictatorial exercise of an uncontrolled power. We have to trust, instead, the judgment of our experts when they tell us that the corporate community as existing in the U.S.A. today is not a dictatorship; it is only a "concentration of economic leadership in the hands of a few."

The End of the Market

The fore-going description of the degree of concentration reached by American capitalism does not by itself answer the crucial question as to whether the present structure of this economy still conforms to the traditional principles of "democratic" capitalism, or whether it already assumes the characteristic features of present-day Nazi, Fascist, and Bolshevik economies. Recent history has shown that a "totalitarian" form of government could just as well be imposed upon the comparatively backward economies of Russia, Italy, Spain, etc., as upon that most highly concentrated type of capitalist economy which existed in Germany. On the other hand it would be "theoretically" possible to imagine a development by which a highly concentrated capitalist economy would still retain, in an unaltered form the whole of the internal structure of nineteenth century capitalism.

The actual truth that is revealed in another and, to the writer, most significant part of Dr. Means' report is that this miracle has not happened and that, on the contrary, the external change of the structure of the American economy has been accompanied by an even more incisive transformation in its internal structure and operating policies.

American economy today no longer receives its decisive impulses from

the competition of individual enterprises in an uncontrolled (free) market, but has become, by and large, a manipulated system. Goods are still produced as commodities. There is still something that is called "prices", and there are still the three capitalist "markets" — goods, labor, and securities. There even remain some sizable areas in which "the price of an article can still act, after a fashion, as a regulator of production." "The proportion of cotton and corn planted on Arkansas farms varies from year to year with changing relationships in the prices of those crops and reflects the operation of the markets as an organizing influence." Yet outside of those increasingly restricted areas — agricultural products and listed securities — the bulk of "prices", including labor rates, are no longer established in free markets. They are manipulated by administrative decisions that are influenced to a varying extent, but no longer — as of old — strictly and directly determined by market conditions. This appears, for example, in the wholesale price of automobiles and agricultural implements that are set and changed from time to time by the respective manufacturers, and thus result from "administrative" decisions.

The reader should be careful here to distinguish between those elements within the "administrative" organization of production that have long existed and have changed in degree of importance only, and that other aspect that is entirely new and is still widely ignored by traditionally-minded economists.

The mere fact that administrative rule replaces the mechanism of the market in the coordination of economic activities within the limits of a

single enterprise has no novelty for the Marxist. It is true that even this fact assumes a new importance under conditions of modern concentration when, as in the case of America's largest enterprise, the A.T. & T., the activities of over 450,000 persons are coordinated within one administrative system. It is also true that there has been a great increase in the proportion in which the economic activities of the producing community are administratively coordinated (within single enterprises) as against that in which they are still coordinated through the shifting of prices and the interaction of a large number of independent sellers and buyers in the market.

The decisive problem, however, that has to be investigated if one wants to grasp the process that has recently undermined the traditional democratic character of American society is contained in the question of how far that change of proportion reflects itself in the whole structure and operation of present-day American economy. It is the great merit of the authors of this Report that they have investigated that decisive problem to the full and that they are absolutely unambiguous and outspoken about the results of their investigation. According to them American economy as a whole has been transformed "from one regulated by impersonal competition to one in which politics are administratively determined."

They never tire of repeating this most important result and of describing in most impressive terms the "significance of the extensive role of ad-

ing in most impressive terms the significance of the extensive role of administrative prices" that appears to be "inherent in the modern economy" and forms "an integral part of the structure of economic activity." They insist again and again that "however much of a role price-administration may have played in the earlier years of this century, there can be little question that it plays a dominant role today."⁵⁾

There is no space here to describe in detail the one-hundred-and-one methods and devices by which prices, apparently settled by the law of supply and demand in an open market, are in fact manipulated and controlled by very definite "price policies" of the decisive strata of the "corporate community." These controls may originate from one or from different foci of control. "The threads of control over labor policy may be divided between the corporation and a labor union, some threads focusing in the corporate management and some in the union officials; threads of control over some aspects of policy may rest with the government bodies, as in the case of minimum working standards or public utility regulations; still other threads may rest with some dominant buyer, or a supplier of raw materials or of services, etc." They may, furthermore, be direct and immediate or indirect and intangible. "They may operate simply through establishing a climate of opinion within which policies are developed."

They may be entirely informal or may be accomplished by a formal setting, and in many cases the formal and the actual lines of control will differ. They arise from three main sources: possession of one or more of the "factors of production", possession of liquid assets, and most important, position in relation to a functioning organization.

5) Cf. pp. 116, 145, 155, 333, etc.

The main thing to understand is that the new "structure of controls" that emerges from these various forms of non-market control 1) is entirely a child of modern times, and 2) it has come to stay for a very long time.

The controls thus exercised over prices and markets on a nation-wide scale by the leading members of the industrial community far surpass in importance the well-known non-market controls heretofore exercised by financial institutions through the handling of investment funds — the so-called supremacy of finance capital. In fact, as shown by recent investigations not yet included in this report, most of the largest business firms are today "self-financing" and no longer depend on the aid of the money-lender and his organizations. The strictly "private" controls exercised by the administrative acts of the members of the corporate community are even more important than the old and new forms of non-market controls which are exercised by government (federal, state, and local) through its fiscal policies, through the protection of property and enforcement of contracts, and so forth.

Nor can the influence exerted on the market by the action of some powerful pressure groups any longer be regarded as a transitory and un-normal encroachment on the normal activities of trade — any more than the influences exerted on the U.S. Congress by political pressure groups in

Washington can be considered an anomaly. The constitution of the corporate community has become the real constitution of the U.S.

There remains the question of the working of this new system. How can "administration-dominated prices" that are changed from time to time replace the practically unlimited flexibility of market prices both in their reaction to the different phases of the industrial cycle (prosperity and depression) and to the technologically-conditioned structural changes? Dr. Means and his staff are inclined to take a very optimistic attitude toward the working of the new type of administration-dominated prices. They clearly see certain "violent distortions" that arose during the years of the last depression and the succeeding "recovery" from the differential behavior of the two kinds of prices co-existing in American economy:— "Between 1929 and 1932 there was a considerable drop in the wholesale price index, but this drop was made up of a violent drop in the prices of market-dominated commodities, and there was only a very small drop or no drop at all for the bulk of the prices which are subject to extensive administrative control. In the recovery period from 1932 to 1937, much of this distortion was eliminated (perhaps new distortions were created?—K.K.) by the large increases in the market-dominated prices and the relatively small increase in the bulk of administration-dominated prices."

Yet they do not blame this disturbance on the new phenomenon of administration-control of prices. They rather take it for granted that the market, though "theoretically" still able to act as an organizing influence, does in fact no longer act in that beneficial manner. On the other hand, they have proved to their own satisfaction that the degree of flexibility which

results from the administrative regulation of the bulk of the prices of goods, labor and securities "appears sufficient to allow the gradual readjustment of price relationships to reflect the gradual changes in wants, in resources, and in techniques of production, *if the level of economic activity were reasonably well maintained.*" (emphasis by K.K.) Thus to the authors of this Report, "the serious distortions in the price structure resulting from the differential sensitivity of prices to depression influences reflect a disorganizing rather than an organizing role that the market can play" (p.152)

This statement might be acceptable to us who are equally convinced — though from an altogether opposite viewpoint — of the impossibility of retaining or restoring the traditional forms of capitalist economy. It seems, however, that they take a lot for granted if they assume that the level of economic activity could be reasonably well maintained under existing conditions of the "democratic" society. They do not tell us in what way they think that this condition will be better fulfilled in the near future than it has been during the recent past. It is quite possible that this omission betrays on the part of the authors an unconscious anticipation of a future dictator who will fill this apparent gap in the structure of the American

economy. The only hint of a solution of this crucial problem that we were able to discover in the Report is its pathetic appeal to "an increased understanding of the problem on the part of leaders of business, labor leaders, farm leaders, political leaders, and other leaders of public thinking."

The Viewpoint of the Workers

We do not propose to discuss the "task" of the workers. The workers have already too long done other people's tasks, imposed on them under the high-sounding names of humanity, of human progress, of justice, and freedom, and what not. It is one of the redeeming features of a bad situation that some of the illusions, hitherto surviving among the working class from their past participation in the revolutionary fight of the bourgeoisie against feudal society, have finally been exploded. The only "task" for the workers, as for every other class, is to look out for themselves.

The first thing then that the workers can do is to make absolutely clear to themselves that the old system of "free trade", "free competition", and "democracy" has actually come to an end. It does not matter so much whether we describe the new system that has replaced it in terms of "monopoly capitalism", "state capitalism", or "a corporate state". The last term seems most appropriate to the writer for the reason that it recalls at once the name that was given to the new totalitarian form of society after the rise of fascism in Italy twenty years ago. There is, however, a difference. The corporate community of the U.S. represents as yet only the "economic basis" of a fullfledged totalitarian system, and not its political and ideological super-structure. On the other hand, one might say that in backward countries like Italy and Spain there exists as yet only the totalitarian super-structure, without a fully developed economic basis.

As to "monopoly", there is no doubt that every increasing concentration of capital is tantamount to an increase in monopoly. The term itself, however, has changed its meaning since a predominantly competitive economy has been superseded by a predominantly monopolistic system. As long as "monopoly" was regarded as an exception, if not an abuse, the emphasis was on the "excessive" and "unfair" profits derived from a monopolistic position within an otherwise competitive economy. An observation made by Marx at an early time in his critique of Proudhon has recently been unconsciously accepted by an increasing number of bourgeois economists. "*Competition*," said Marx, "*implies monopoly, and monopoly implies competition*." Thus the terms "monopoly" and "competition" have recently been re-defined to refer to the "elements of a situation" rather than to the situation itself, which as a whole is neither entirely monopolistic nor entirely competitive. In a sense it can be said today that all (or most) profits are essentially monopolistic profits, just as the bulk of prices have become monopolistic prices. Monopoly has become not an exceptional but general condition of present-day economy.

as a transition from competitive to monopolistic capitalism; but the term monopoly has, by the very generalization of the condition to which it refers, become an entirely descriptive term, no longer fit to arouse any particular moral indignation.

Similarly there is no serious harm in describing American economy as a system of "state capitalism." Yet this description does not fit American conditions so well as it does the general pattern of German and other European societies. In spite of the special powers of coercion invested in the political authorities alone, the administrative decisions emanating from various economic enterprises controlled by the government have become the most important influences exerted by the government on the functioning of the U.S. economy. They are co-ordinated with all other forms of non-market controls which, together with the still-existing remainders of market controls, constitute the essential features of the "control structure" of the present economic system. The authors of the Report use the terms "administration", "administrative rules", etc., indifferently with reference to all kinds of non-market controls whether they originate from governmental agencies, from different kinds of organizations based on business interests, (or for that matter on labor, farmer, consumer interests) or from private firms and combines. There is no doubt that the position of the government will be considerably strengthened in case of war. But even this would not be a decisive reason to call the existing system of American economy a "state capitalism" as the same condition will occur in all countries at war whether they are backward or fully developed, "competitive" or "monopolistic", whether they are based on a scattered or a concentrated system of capitalist production.

The second thing the workers may be expected to do, once the importance of the change in the basic conditions of capitalist economy has been

fully experienced and grasped by them, is to reshuffle their hitherto most cherished revolutionary and class ideas. When Marx described capitalist society as being fundamentally a "production of commodities" this term included for him — and was meant to include for all those who would be able to understand the peculiar "dialectical" slang of the old Hegelian philosophy — the whole of the suppression and exploitation of the workers in a fully developed capitalist society, the class struggle and its increasingly stronger forms, up to the revolutionary overthrow of capitalism and its replacement by a socialist society. This is all right as far as it goes, except that today it should be translated into a less mysterious and much more distinct and outspoken language. But Marx's emphasis on "commodity production" included something else and, this time, something that may well have become inadequate for the workers' fight against the two species of the "corporate state" that exist in the fascist and the so-called democratic countries today.

The emphasis on the principle of commodity production, that is, production for exchange, for an anonymous and ever-extended market was at

the same time an emphasis on the positive and progressive functions that capitalism was to fulfill by expanding modern "civilized" society all over the world and, as Marx said, "transforming the whole world into one gigantic market for capitalist production." All kinds of illusions were inevitably bound up with that great enterprise that was conducted, as it were, by humanity itself. All problems seemed to be solvable, all contradictions and conflicts transitory, and the greatest happiness for the greatest number ultimately obtainable.

The workers, in all their divisions, had a big share in those illusions of commodity production and their political expression, the illusions of democracy. They shared them with all other suppressed minorities and progressive strata of capitalist society — Jews, Negroes, pacifists. All "reformism" and "revisionism" that distracted the workers' energies from their revolutionary aims have been based on those illusions. The very advent of fascism in the world and its intrusion into the inner sanctums of traditional democracy has at last destroyed the strength of those illusions. We shall attempt in a later article to trace the positive features of a new program for the workers in their fight against the class enemy in his new and more oppressive form which, at the same time, is more transparent and more exposed to their attack.

Karl Korsch

THE WAR FOR A BETTER WORLD

The belated war declaration contained in the President's last "fireside chat" indicated the continuation of the war on an enlarged scale. That Mr. Roosevelt did not consider his "talk on national security" a "chat on war" probably refers to the term "chat" which would be a truly surrealistic expression for a declaration of war. In other respects too his reluctance to call a spade a spade was in keeping with the spirit of the time. Actual war declarations are as now outdated as Mr. Churchill's hats.

The President insisted, in proof of a continued "short of war" policy, that "There is no demand for sending an American expeditionary force

outside our own borders". To understand this statement better it is only necessary to remember that not so long ago it was declared that "America's frontier is on the Rhine". There might be some quibble as to the difference between "frontier" and "border", a quibble unbefitting a nation which proudly proclaims that on her territory also the sun never sets. Borders are variable anyway, almost as variable as the speeches and intentions of statesmen. We may trust in God that a reason will be found to "demand" the inclusion of an expeditionary force in the "short of war" policy. The appetite of the adventurous is already whetted with descriptions of the daring exploits of "khaki-uniformed figures stealing with machine-gun-bearing motor cycles" into Nazi-occupied territory to "terrorize and harras the German forces thinly strung out to a point of great vulnerability over a thousand-mile coastline".¹⁾ The war department announced that it would ask Congress to appropriate a supplemental 3 billion dollars to buy arms for 2 million men at once and provide manufacturing facilities to supply an army of 4 million. Experts believe that, in addition to the British forces, 2 million soldiers will be needed for a successful invasion of Germany.

America has been in this war since its inception and will stay in as long as it lasts.²⁾ "Neutrality" is only a specific form of warfare.³⁾ The President is quite right in saying "It is no more unneutral for us to supply England than it is for Sweden, Russia, and other nations near Germany to send steel and ore and oil and other war materials into Germany every day". And though one may say that some of the nations supplying Germany have no choice in the matter, from the viewpoint of capitalistic interests America is equally forced to deliver. It is also inconsequential what is sent into the belligerent countries — raw materials or finished war products. That has something to do with the established international

1) W. M'Gaffin in *The Chicago Daily News* (1/4—41)

2) See "Long Live the War" in *Living Marxism*, Vol. V, No. 2.

3) See "The War is Permanent" in *Living Marxism*, Vol. V, No. 1.

division of labor, but not with morals or international law. Whose ships, whether America's or England's, are used for the transportation of planes, tanks and munitions is simply a question of power. Thus far it suits America better to sacrifice English tonnage instead of her own including the neutral and axis ships in American harbors. Britain cannot as yet back up a demand for parity in losses. Thus an American Navy and Merchant Marine "second to none" is in the process of realization. And progress is made not only at sea, but also at home. At a time when factories, docks, and mines are being blown to pieces in England and on the continent, when raw materials are disappearing into the reddened skies, when laborers are shaking in the knees and becoming less productive, America strengthens her industrial base, builds up a powerful army, and gets her people drunk with expectations of an enormous war boom with profits for everybody.

Why declare war? America will win anyway with or without participation in the bloody part of the business. As long as the fighting lasts in Europe — and the longer the better — America has a chance to make her second important step in the direction of world supremacy. The last world war made America independent of European capital; the new world war is to make Europe dependent on America,— that is, if all goes well. There are however some doubts as to the outcome of the European war and thus there are differences of opinion as to what course America should pursue. Those differences find expression in organizations such as the "Committee to Defend America by Aiding the Allies" and its apparent counterpart the "America First Committee". At first glance this is somewhat bewildering since it seems to be clear that a policy that helps Britain short of war would be exactly the one that serves America first. The interventionists, however, though still insisting with their leader Roosevelt that they do not mean to send troops and warships to Europe, are nevertheless organized for that very purpose. The isolationists, though quite willing to support Britain, think the time inopportune for decisive intervention. A more cautious policy is set against a more adventurous. But both groups are interested neither in Britain's success, nor in that of Germany. Both represent finally no more than American imperialism. As soon as "unity" becomes essential to the interests of imperialism, they will be united.

Of course mere tactical considerations do not fully explain existing differences on the question of war. The "riddle" of pacifistically inclined capitalists may be solved in many ways. There are some who fear that actual participation in war will bring fascism to the United States. They insist that we should first put "our own house in order" before meddling in European affairs. Though opposed to fascism, they are looked upon as fascist because, being good capitalists, they are not opposed to a fascistic policy against the workers, but wish it carried through in their own exclusive interests. They oppose the increasing national debt, rising taxes, "pampering" of workers by social legislation, and they insist that the tradi-

tional policy in respect to both internal and external questions is best. In short, though being suspect of harboring fascistic ideas, they are merely old-fashioned, conservative, and possessed by fears that the government — all powerfull in the event of war — will drive them out of business. It must be a queer world for the men of yesterday. Though opposed to fascism at home, they are forced to foster it abroad by refusing to fight against it.

But times are also bad for the men of tomorrow, the "appeasers" of the Lindbergh variety. They do not want to enter the war and thus hasten the fascization of America because they see the war as a superfluous undertaking, an unnecessarily expensive way of carrying through needed fascistic reforms. They are forced to lengthen the life of "democracy", while trying to shorten it by refusing to fight in its name. They think

that a German defeat would only interfere with, and stupidly set back, the natural course of development toward the fascization of the world. For them an old world goes under with the fall of democracy and a new one is born with the conquests of fascism; and they hold with Nietzsche that one should help to destroy what is already crumbling.

Then there are those engaged in anti-interventionist work for the money there is in it; those who have greater business interest in Germany than in Britain; those emotional types working for their "mother countries" which happen in this case to be the axis powers; those whose concepts of imperialistic expansion find more opposition in England than in Germany; those who simply admire Hitler too much; and finally, those who actually are against the war because it hurts.

There is not in America, however, evidence of an open cleavage such as exists in the ruling classes of England. In Britain there are, besides the aspirants for governmental and administrative positions in a Hitler dominated fascist England, large and quite powerful capitalistic groups more interested in the maintenance of their relations with the European continent than with safeguarding the far-flung Empire; forces more interested in striking a bargain with Hitler at the expense of America, France, and Italy, than of putting the Empire, the maintenance of which becomes more and more questionable, under the "protection" of America. Though these "Fifth Columnists" are submerged at present, they have not disappeared.

The American "appeasers" may or may not be in love with fascism. They are certainly not in love with German fascism. When Roosevelt spoke of them as "citizens who are aiding and abetting the work of evil forces, and do exactly the kind of work that the dictators want done in the United States", he only betrayed a petty sensitivity to criticism, and foreshadowed the government's attitude in the coming American *Gleichschaltungs*-process; but he did not do justice to his "fellow-citizens" who are not so fond of "sacrificing American boys on the altar of European quarrels". The American "appeasers" are skeptical as to England's chance of winning the war, or of even lasting through it despite all the help that

America could possibly give. They do not think it wise to be on the side of the losers, and, being aware of the cleavage in England, they ask themselves the question: How secure is Churchill? What will become of British "national unity" when American help forces Hitler to invade England immediately? What if Hitler is not beaten back? What if, with the dwindling of English "morale" through incessant bombings and the destruction of tonnage, the English "appeasers" once more gain the upper hand and come to terms with Hitler? They do not trust England any more than they trust Germany.⁴⁾ And if America, entering the war openly, should not be able to prevent the invasion of England and bring about a German defeat, will she then be strong enough to successfully oppose Japan

in Asia, a Japan now also acting in behalf of Germany? Will America be able to oppose Nazi-European and Asiatic interests in South America? Could she enforce her will in the Western hemisphere, a will possibly sabotaged by South American interests closely allied to Europe and encouraged by the German success. Is boldness advisable in face of the possible threat of fighting engagements in two oceans? How long will it take to destroy Europe in such a measure and to militarize America to such a degree that what her imperialists desire can really be gained and kept? What if the Nazis act and succeed before the military plans of America can be carried out? To enter the war now is too great a risk to take, though it is a risk only if Hitler takes the still greater risk of trying to knock out England with one bold and hazardous stroke. But why tempt Hitler? Is it not wiser to restrict the world conflagration, to win time, until, in a possibly further-changed world situation, the American forces are really strong enough to insure victory. Otherwise, and for a long time to come, the realization of the "American Dream" in Asia and South America may be shattered altogether.

The worst that could happen anyway in case Germany wins is to resume business with her under probably less favorable terms than heretofore. But if a war-tired Germany requires a lengthy peace, it may even be possible that great concessions will be made to the United States. Besides, participation in a lengthy war might mean conscription of all the "national wealth", and what would be the use of gaining the whole world and losing one's capital? What, furthermore, would a defeat of Hitler mean? English dominance in Europe? Revolutions on the continent and in the colonies. Transformation of the imperialist wars into full-fledged civil wars? There

4) When it was recently disclosed in the English parliament that Britain continues to supply Japan's army with war goods, that is (under pretense of being forced to do so in order to obtain foreign currency) continues to play the old imperialistic game of hampering American ambitions in Asia by fostering those of Japan (a policy that came also to light in the reluctance with which England bowed to the American demand to open the Burma Road) the "appeasing" CHICAGO DAILY TRIBUNE (1/6-41) wrote bitterly: "Some Americans certainly will think it is a bit thick for the British to urge a willing American government to put all American war supplies at their disposal and then use some of their own to strengthen an axis partner who is threatening to turn his guns on America". England, however, counting on the possibility of winning the war, also counts on the possible resumption of her old Asiatic policy and thus will not give up easily to America what she considers her interests.

are a thousand questions and not one single assuring answer. Let us then play safe. Maybe England will hold out, maybe a compromise solution will be found. We might end the war by having no part in it, thus forcing England to make concessions to Hitler. His terms might be harsh, but it might still be the lesser evil for both England and America.

Thus run the arguments of the isolationists. But their "cause" is already defeated. There will be no need to suppress them. They will soon silence themselves in order that they too may profit from an undesired war situation. It is much too late to avoid intervention. Only the complete and immediate success of Germany could possibly keep America out of the military war at this time. England will for this reason do her utmost to

prevent an immediate German success. Besides this, she is already in a position to "blackmail" America into ever greater commitments. The threat that England may quit the war at a time when America alone could not possibly oppose successfully the world policy of a Nazi-dominated Europe, the threat that in case of Churchill's fall following a German-English peace move, England might copy the French example, co-operate with Germany and hand over her fleet to Hitler, makes the increasing support of Churchill an American necessity unless she forfeits all her imperialistic ambitions for years to come — years that may be decisive. America's staying out of the war would be equal to a major American defeat. In a third world war she might face, not an atomized Europe, but one consolidated into a mighty power bloc with enormous influence in the Western hemisphere, Asia and Africa. She might have lost her chance for world supremacy by missing her cue in World War No. 2.

Both the American and English imperialists will see to it that the cue is not missed. They recognize quite well that those English interests more akin to Hitler than to Roosevelt may end the Churchill government as soon as defeat gives them enough public support to overthrow the "imperialists" willing to incorporate the Empire into the United States of America. The "revolution" which might end the Churchill government might be able to prevent deliverance of the fleet. It will try to do so anyway in order to secure better peace terms for the new regime. Thus, considering even the event of an English defeat, America must support Churchill. The support must be the greater the more precarious his position becomes in order to save enough of the fleet and of the empire to make worthwhile the new Anglo-American Empire of pooled resources and interests. As long as sufficient American help reaches England shores, Churchill is secure. As long as he is secure quite a lot of damage can be done to the axis partners. But to keep him secure, more and still more help is needed. Finally, only the declaration of war on the part of America will strengthen English "morale", that is, Churchill's policy. If even this fails because of a few million of additional German bombs, American troops will be needed to bolster "morale". Besides all this, what English newspapers⁵⁾ wrote in response

5) Quoted from the liberal *NEWS CHRONICLE* and the Laborite *DAILY HERALD* in the *CHICAGO DAILY NEWS* (1/3-41).

to Roosevelt's speech is true, namely, that though Roosevelt urged his country to give speedy help to Britain, yet

"no country has, in fact, been able to mobilize its whole industrial potential without going to war. It was not until Britain was fully and formally at war, and was feeling the force of the imminent dangers that beset her, that her war production reached anything like a war tempo. America is no more likely than was Britain to put her giant industrial machine on a war footing and to turn out the avalanche of supplies of which she is capable unless the American people have staked their all on victory and the United States administration is equipped with war emergency powers to organize production for a single end."

If England should win, nothing is lost for America. Though the privilege of swallowing parts of the empire and units of the fleet will be lost, Europe will be disunited and her imperialistic forces shattered and tired. America will be able to take advantage of her relative strength, to become the absolute master of the Western hemisphere and the most forceful influence in Asia. Whatever may be in the offing for England — defeat or victory — America's support for Britain cannot thereby be influenced for this support is no "aid for the allies", and in so far as it constitutes such aid does so only incidentally. It is the necessary action for American imperialism. To stop the trend towards actual participation in the more bloody aspects of the war means to put an end to American imperialistic aspirations which, in turn, would mean the end of American capitalism. Short of this there is no escape, and mothers might as well start crying right away.

Of course the war will not be fought in the name of American capitalism, but in the name of "democracy". "Three powerful nations, two in Europe and one in Asia", said Roosevelt during his chat,

"joined themselves together in the threat that if the United States interfered with or blocked the expansion program of these three nations — a program aimed at world control — they would unite in ultimate action against the United States. The Nazi masters of Germany have made it clear that they intend not only to dominate all life and thought in their own country, but also to enslave the whole of Europe, and then to use the resources of Europe to dominate the rest of the world".

Thus the defense of America is at the same time the defense or reestablishment of world democracy whether the world likes it or not. In his annual message to Congress, Roosevelt pointed out "four essential human freedoms" for which America is going to fight.

"The first is freedom of speech and expression — everywhere in the world. The second is freedom of every person to worship God in his own way — everywhere in the world. The third is freedom from want — which translated into world terms, means economic understandings which will secure to every nation a healthy peace-time life for its inhabitants — everywhere in the world. The fourth is freedom from fear — which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor — anywhere in the world".

But first the war must be fought because "No realistic American can expect from a dictator's peace international generosity, or return of true independence, or world disarmament, or freedom of expression, or freedom of religion — or *even* good business". And as every "realistic" American is undoubt-

edly interested in good business he will rush to its defense and will not *even* mind listening to those more lofty human freedoms being thrown into the bargain. If they really would be realistic they might start laughing instead of fighting.

Democracy versus Fascism — really? Were not Austria, Poland, Abyssinia, and Albania dictatorships? And were they not attacked by the dictatorships of Germany and Italy? Are Greece and China democracies, "galantly waging war for democratic existence" as Roosevelt claims? No; the fronts are not marked by democracy and dictatorship. Hitler will not

the fronts are not marked by democracy and dictatorship. Hitler will not hesitate to ally himself in this war with any democracy willing to do so. Roosevelt and Churchill will kiss any dictator rallying to the defense of "democracy". The issue is not dictatorship versus democracy, but for America, as Roosevelt also explained in his fireside chat, "it is a matter of most vital concern that European and Asiatic war-makers should not gain control of the oceans which lead to this hemisphere",—and thus be able to muscle in on the "good business".

The defeat of Germany, Italy, and Japan will not usher into existence that kind of world so beautifully described by Roosevelt as "the very antithesis of the so-called new order of tyranny which the dictators seek to create with the crash of a bomb". The President's "kind of world" demands for its realization 50,000 airplanes, 4 million troops and countless people "who value their freedom more highly than they value their lives". But those who value their lives highest because without them there can be no values at all, those "slackers or trouble makers in our midst", the President wants first "to shame by patriotic example, and if that fails, to use the sovereignty of government to save government". Thus charity does not begin at home, First, democracy must be saved — "anywhere" before it can be realized in America.

The President is quite right; the capitalist world of today precludes democracy, save as a war cry for imperialistic purpose. Only recently a group of the most democratically-inclined professors and instructors pointed out⁶⁾ to those people who propose some sort of selfgovernment in industry to prevent totalitarian methods and loss of democracy arising from governmental control that in America also, or especially in America, "governmental control is preferable to self-government in industry", because "industrial associations would be monopolists... and as monopolists they would greatly reduce freedom in the market"... (thus)..., *more*, rather than less, government administrative control would be required if government were not to allow these cartels (of monopolists) to set their own prices". But this is only to jump out of the frying-pan into the fire, because governments, just like monopolies, set their prices only to fit their own purposes. Furthermore, such industrial associations do not have to be formed; they have been in existence for a long time; they are monopolistic and set their own prices.⁷⁾

6) *Economic Mobilization*. By P. H. Douglas, H. Si Bloch, O. Lange, F. H. Harbinson, and H. G. Lewis. American Council on Public Affairs; p. 42.

7) See the article "The Workers' Fight Against Fascism" in this issue.

Thus "democracy" already depends on government administrative control, a control which, when exercised in Italy and Germany, is called fascism. This is indeed a cruel world where even democracy in business, and thus democracy in other fields, has to be safeguarded by fascistic practices.

The war will neither save American democracy nor will it restore democracy in the rest of the world. The program of further domestic reform and better social legislation outlined in the President's message to

Congress, more advanced than the war-promises of English labor leaders dared be, will remain on paper, because "we must all prepare to make sacrifices that the emergency demands". The more produced the less consumed. The working-day will be lengthened in the armaments industries because all industries will become defense industries. "Let us work and work harder" is the slogan issued by Defense Commissioner William Knudsen to fight a barbarism "that drives women and children to live in cold wet holes in the ground".⁸⁾ Let us build more bombers to make sure that they stay in the holes in the ground for another five or ten years. The ruling class of America is neither willing nor able to end the growing barbarism. It can enlarge the battlefield, throw in more men and more machines, but it cannot end the slaughter nor can it realize any of its promises.

If Hitler wins, it is true, there will be no peace, no socialism, no civilization, but only the preparation for greater battles to come, for future destruction. But if the "democracies" win, the situation will not be different. They will have ceased to be democracies even in their advertisements; they will do exactly the opposite of what they promised. There will be no peace, no socialism, no civilization, but only more brutal attempts to destroy for generations to come the possibility of establishing a social, economic, and international order capable of satisfying the needs of men. The world will be divided differently for different sets of exploiters — but that is all that can happen. Already now a dozen "governments in exile" and all that goes with them, sit over maps excitedly marking new borders and re-shuffling populations, waiting to be returned to rule as of old, possibly on a larger territory. People who "retaliate" for night-flights over Berlin by destroying whole communities in enemy territory are not capable of conceiving or carrying out a new social order beneficial to the powerless in society. But neither can this be done by people who cry, "Save London by bombing Berlin".

What is needed today is to end a social and economic system divided in classes, groups, nations, and power blocs — a job which can only be done by those who do not profit from the existence of power blocs, nations, privileged groups, or class positions. The rule of naked power can be broken effectively only by those who are today still powerless. If the German fascists were really out to change the world into a better place for human beings to live in, they would first of all have to abolish exploitation, privilege, and national aspirations in their own country. If Roosevelt was really

8) Knudsen as quoted in the CHICAGO DAILY TRIBUNE (12/14-40).

out to make true what he declaimed in his congressional message he would first of all have to advocate the end of capitalist exploitation, privilege, and imperialistic desire in America. But neither the fighters for fascism, nor those for democracy as much as mention the basis for all the present-day misery in the world: the capitalist system of exploitation. If Hitler speaks against the "capitalistic democracies" and in favor of National Socialism,

he speaks only of the fight between somewhat differently organized capitalistic exploitation systems. The democracies promise "reform" of the existing society, but no more; what this "reform" can possibly be is demonstrated precisely by Hitler's fascism.

This then is the problem of today: How can the powerless in society abolish power in society, that is, class power over other classes, national power over other nations. To state the problem does not solve it. To change society it is not enough to assert revolutionary aims. What should be done? There are a number of proposals. Some say, let Hitler win, he will do away with small nations in Europe, co-ordinate European economy, abolish in this very process more and more of the capitalistic mechanism and provide a greater and better stage for coming revolutionary struggles. Others say it would be better to defeat Hitler by supporting the democracies because in the latter there remain opportunities to organize and develop the revolutionary forces needed to some day bring socialism into existence. Furthermore, in the very struggle against fascism the democratic nations might be transformed into socialistic societies, or will thus be transformed at the end of the war. The victory of Hitler, however, would enslave the whole world, would lead to fascism everywhere and destroy probably forever all chances for a socialist society.

Mr. Ernest Bevin, the great labor leader and now Labor Minister, who only recently was authorized to carry through the most undemocratic of all measures of war, that of drafting labor — so despised when it was done in Germany — promised his followers the acceptance after the war of "social security as a main motive of all our national life. That does not mean", he rushed on to say, however, "that all profits and surpluses would be wiped out, but it does mean that the whole of our economy, finance, organization, science, and everything, would be directed together to social security not for a small middle class or for those who may be merely possessors of property but for the community as a whole". Though hardly necessary, he nevertheless made it clear that this national attempt at security must not be mistaken for a real revolution, but regarded as a means of coping with the aftermath of war, and as an instrument against a possible revolution. He continued:⁹⁾

"The greatest social implication arising out of this war is the effort to get rid of that horrible queue outside the labor exchanges... I am afraid that unless the community is seized with the importance of this you may slip into revolutionary action. What I am horrified at is the thought of a blind revolution of starving men that is undirected and that ends in disaster for the whole community."

9) Quoted by J. B. Reston in the NEW YORK TIMES (12/8-40).

No; the defenders of democracy a'la Bevin will not assist in changing society in such a way as to transform the present war into one that ends all wars, ends national rivalries and the exploitation of men. They fight for the preservation of democratic institutions "because they realize that victory for Hitlerism would mean the destruction of working-class freedom

and the theft of union funds, as was the case in Germany when Hitler usurped power".¹⁰⁾ The kind of controlled capitalism they propose is not so much one that secures working-class freedom as one that "prevents the theft of union funds". But even this is possible only because it is in England and America still "an enormous asset that men whom labor trusts should now be lending their aid in invoking a ready response to the call for longer hours, fewer, if any, holidays, and unaccustomed restrictions".¹¹⁾ They will have to go after their services are no longer needed and in case they do present the bill of social reforms to their masters. Though in justified fear of their own future they feebly attempt some changes in the social structure today, and feel inclined, as Harold J. Laski has said, to "expect to see large-scale social reforms during the war"¹²⁾ they must feel quite uneasy just the same. Did not Laski point out¹³⁾ only three years ago that Chamberlain was correct in saying "that the result of the arms programme of Great Britain is the necessary postponement of social reform for a generation". If that programme postponed social reform for one generation, what will the war itself do to social reform?

The Bevins and Laskis and their American counterparts may seriously believe that they are fighting for the maintenance of democratic institutions, but their beliefs have no countenance whatever. Even if they thought differently, they would act exactly as they do. The luxury in which they can still indulge — that is, of having an interpretation of the war, which, in the last analysis, is only slightly different from that of their capitalist masters, and which expects not only to save democracy, but to bring about some sort of democratic socialism — remains their meaningless private affair, for they have no power of any kind outside of that granted to them by their capitalist masters. If today they proclaim with great gusto that to win socialism Hitler must first be fought, their good counsel to the English and American workers is not really important, for these workers would have to fight even if what their leaders proclaim to be true were not true, because as little as their organizations could the workers afford to disagree with their governments.

Finally, in defending the position that democracy as against fascism should be supported, it is pointed out¹⁴⁾ that, though it is true that in this

10) Editorial in "Labour" (London) Sept. 1940, p. 580.

11) *Britain's Reasons for Fighting*. By Brig. Gen. G. Cockerill, C. B: in the NEW YORK TIMES (9/8—40).

12) Laski in THE NATION (New York) 5/25—40.

13) "Liberty in the Modern State", Pelican Edition, p. 24.

14) Oscar Lange "The Socialist Attitude toward the War" in THE MODERN QUARTERLY. Vol. XI, No. 6, p. 12.

war imperialists oppose each other, still, differences between the adversaries must be recognized. British imperialism is saturated and disintegrating while German imperialism is vigorous and aggressive, making it more ad-

visable to oppose the fascist imperialism, though it would mean to denounce democratic imperialism. However, what could be said of the German can also be said of the American imperialism, young, vigorous, and aggressive as it is, if it were not altogether senseless to indulge in such comparisons. But on the basis of the comparisons it is then argued that *later*, after the war, it will be easier to get rid of democratic imperialism if only the fascist kind is out of the way. Oscar Lange says:

"The imperialism of liberal capitalist nations is based on export capital and leads to the industrialization of the colonies, thus preparing the social forces leading to emancipation; whereas, fascist imperialism is not moved by the quest for private profit but is part of the totalitarian state economy. It, therefore, does no aid the economic development of the subject people but merely exploits their natural and agricultural resources".

By this reasoning and by looking at the results of liberal imperialism, especially in India and China, imperialism must always have been "fascistic" despite its liberal promoters. If it were true, furthermore, that a German victory would establish "the rule of a young and vigorous imperialism much more oppressive and *stable* than the old one", this could only be true in case it would do better what liberal imperialism did so badly, for greater stability and greater exploitation depends on additional capital investments even for the exploitation of only natural and agricultural resources.

Anyway it is too early to worry about that. The colonies are still securely in the hands of liberal imperialism, and it might be better to ask the colonies their opinion before arriving at a judgement as to what masters they would like to have. But this argument of Lange's is carried over to the European scene. He thinks that for international socialism it would be better if Hitler were defeated than that the democracies should suffer such a fate, because, if there should be a chance at all, the chances for a socialist revolution would be greater in the first than in the second case. But though it is true that in a defeated England there would be no social revolution, as there was none in France, because German fascism would prevent it, it is not less true that a German revolution in the wake of a defeat would also be crushed by the bayonets of the allies. One case can be argued as well as the other.

If Germany, having experienced years of fascism, should be defeated, it is quite possible that the revolution would be carried through in the name and spirit of proletarian socialism since a return to bourgeois democracy is precluded. The existence of social institutions created by monopoly capitalism and fascism hinders such a return. The proletarian element would once more be in the forefront of social change and thus induce the capitalist victors to wage a relentless war against the new and really revolutionary threat, much more feared than Hitler was ever feared. This German revolution will be crushed in blood, unless this is prevented by simultaneous

London and Liverpool. On the other hand, if Germany wins, it will bring fascism to the whole of Europe. It will prepare itself for the waging of the hemispheric war and thus increase a hundredfold all the difficulties already experienced. It will drive forward the change of the world by negative measures and submerge for years to come all possible positive attempts of a proletarian socialism to end the prevailing chaos.

The question as to what the "labor movement" should do in regard to the war and in order to safeguard its own vital interests is an artificial question, for there is no labor movement which could raise it in actuality. The question is only whether there will arise — in the course of the war — a labor movement, or rather a social movement, determined to end war, which is possible only by ending capitalism. Where will it start first, how often will it be defeated, and when, under what conditions, may it succeed? And to these questions there is no satisfying answer. Not being able to answer it is only to share with the rest of the world the fearful inability to do more than the next best thing. But under no circumstances, is it the next best thing to accept once more the great swindles of our time, namely, that the struggles of capitalism, democratic or fascistic, could have any values for the proletarian class, that out-worn slogans such as that of national independence could serve more than imperialistic purpose, that the workers could ever improve their lot by simply choosing among their enemies. Rather, the next best thing to do is not to be fooled by current slogans, promises, rationalizations, and often ordinary lies; not to fall victim to the machinations of the present rulers of the world, hidden behind all possible and impossible phrases, uniforms, and programs. It is to keep one's head clear as to what is really going on in the world, and to watch out for the first true signs of a rising opposition to the prevailing barbarism.

Luenika

BOOK REVIEWS

THE BOLSHEVIKS AND THE WORLD WAR. The Origin of the Third International. By Olga Hess Gankin and H. H. Fisher. The Hoover Library on War, Revolution, and Peace. Publication No. 15. Stanford University Press. Stanford, California 1940. (856 pp.; \$6.00)

This work makes available in English — and in some cases for the first time — a collection of documents on the origin of the Communist International. It will be followed by another book entitled **The Bolsheviks and World Revolution: The Founding of the Third International**. Together with the already published volume **The Bolshevik Revolution, 1917-1918**, by J. Bun-

yan and H. H. Fisher, this series constitutes one of the most important reference works on the Russian Revolution.

The present volume begins with the correspondence between Bebel and Lenin in 1905 dealing with the Bolshevik-Menshevik conflict in the Russian Social Democracy, and ends with the results of the Stockholm Conference of 1917, the last docu-

masses of all countries) being dated September 1, 1918. It is accompanied by a very careful chronology, bibliography, and by biographical notes of the many personalities involved. The unavoidable gaps between the different documents are filled in with editorial notes which carry on the narrative of events and give the work the character of a comprehensive history.

A review of the relations between Bolsheviks and Mensheviks in the Second International and of the relations of both fractions to the "Revisionists", "Centrists", and the Left within the International introduces the problems which were discussed in the labor movement shortly before and during the world war. Of special interest here are the relatively unknown but by now far more important differences of opinion between the Russian Left, e.g., the Bolsheviks, and the Left of Western Europe, that is, the groups with which such names as Luxemburg, Liebknecht, Gorter, and Pannekoek were associated. The position which the Second International took during the war could already have been predicted from the proceedings at the conferences before the war, from the character and the speeches of its leading elements. The different national units of the Second International obviously shared the imperialistic ambitions of their countries. For this reason the anti-war policy of the Left was also directed against the organization in which it functioned. Actually only the Bolsheviks, however, split the organization and thus became the nucleus for the re-formation of the International after 1914.

Much space is given to the proceedings, resolutions, speeches and articles related to the socialist conferences in Stuttgart, 1907, Copenhagen 1910, and Basel 1912; especially in regard to the conflict within the Russian Social Democracy, to attempts at unification, and the role

was often foreshadowed what, after the Bolshevik Revolution, became an actuality, that is, the attempt on the part of the Bolsheviks to make the specific revolutionary conditions of Russia the criterion of the methods of struggle for the entire European proletariat.

The activities of the Bolsheviks abroad from 1914 to 1917 are best revealed in Lenin's work during this period. His theses on war, the discussions around them, and the preparation of anti-war conferences resulting in the Zimmerwald movement fill up an important section of the work. The conference in Berne, that of the Socialist Women and the Youth Internationale in the same city, the conferences in Zimmerwald, Kienthal, and the last conference in Stockholm which terminated the Zimmerwald movement lead into the first Congress of the Communist International in Moscow in March 1919.

The content of the whole movement, a movement in which frictions and dissensions continued to exist, may best be summed up in the Bolshevik proclamation that "It is the task of the proletariat in Russia to complete the bourgeois democratic revolution in Russia *in order* to kindle the social revolution in Europe". But the emphasis on the Russian Revolution, determining Lenin's position on the question of the "self-determination of nations", led to differences among the Bolsheviks themselves, as well as to dissensions between the Bolsheviks and the Left of Western Europe. The Bukharin-Piatakov group allied itself on this point with Luxemburg, Gorter, Pannekoek rather than with Lenin. The arguments offered by Lenin in defense of the "self-determination of nations" as well as his controversial view on the role of the state in the proletarian revolution are, in connection with the views of the Left of Western Europe, given at length in this important reference work, which cannot be too highly recommended.

THE DEFENDERS. By Franz Hoellering. Little, Brown and Company, Boston 1940. 484 pp.; \$2.75)

Franz Hoellering's novel of the Austria of 1934 is of considerable political significance. He accomplishes the difficult task of successfully merging fictionalized individual experience with an important historical situation. Not only are history and social life revealed as one, but the relationship between the individual and society is shown as an inescapable and inseparable unity, which — by reason of its existence — allows for both hope and despair, defeatism and the assurance of victory.

It is very fortunate that Hoellering did not attempt to write what has come to be known as the "proletarian" or "revolutionary" novel. He might have failed, as may be guessed from his treatment of the proletarian characters appearing in the book. They are less real than those who seem to be nearer the author's own way of life — the intellectuals and the petty-bourgeoisie. Not that his proletarian characters are false, far from it; it is rather astonishing how close Hoellering comes to their true characterization. But aside from a few deeply moving scenes revealing the qualities of the "unspoiled" working people (unspoiled by the prevailing ideology because of the great cleavage between this ideology and their real life, and because of an intelligence already too advanced through their industrial and urban existence), his workers are still only like the supernumeraries of a great drama in which the main roles are played by those who have names and positions that give them at least the appearance of being personalities in the old bourgeois sense.

Because of the lack of self-initiative on the part of the workers it seems closer to reality to describe the **Heimwehr Putsch** through the eyes of non-working-class elements. This is also quite useful, as it brings to life the fact that the destiny of the petty-bourgeoisie is not to educate and to rule but to despair and decay. The critical and somehow "revolutionary" situation is experienced by cafe literati, socialist parliamentarians, bureaucrats, students, advanced workers, priests,

politicians, officers, scientists and the aristocracy.

The book is not impartial, but it is not limited by the narrowness of a party point of view. Hoellering deals with the social needs of today. But he knows that these needs can be solved neither by those who claimed only yesterday to be in possession of a solution, nor by a new resolute elite, a new group of leaders and exploiters. He knows that the wider view-point of the industrial proletariat is no longer sufficient to formulate the concepts needed today, because what so far has been only a propaganda slogan, is now obvious, namely, that social needs and the needs of the workers are truly identical. He knows, too, that this "party of humanity", this contradiction in terms, expresses a real contradiction which can be solved only by way of further struggles. He does not hail or bewail this situation but only recognizes it in order to do away with it.

The book propagandizes nothing. It does not need to. It explains why the cause was lost in 1934, and why it will not always be lost. It does so merely by recognizing facts. Though it does not moralize, it is moving, pleading, encouraging, exciting and very much alive, simply because it sticks to the factual truth. There are no great ideas behind the working people in this book. There is a way of life, a world of facts which moves them, and which moves the oppressed in the right direction whenever they act in accordance with the needs of their existence.

Nothing is left out of this book. Not only that which was wonderful and undying in the uprising of the Austrian workers, but also the negative side is shown with all its ugliness, its insufficiency, its betrayals, hypocrisy and cowardness which played their part — and probably the greater part. It becomes clear also that the defenders of the rights guaranteed by the Republic were fighting against much more than the **Heimwehr** and the police. The individual cannot isolate himself; neither could the City of Vienna, nor the State of Austria go their own

way. Austria's politics were not determined in Vienna. "The Germans and Italians were in open revolt against the Anglo-French majority bondholders. The small states were carried along on one side or the other, they had no choice." The connection between internal class struggles and external politics is revealed as being complementary.

ECONOMIC ASPECTS OF THE MONROE DOCTRINE. By T. H. Reynolds. George Peabody College, Nashville, Tennessee. (194 pp.) *AS OUR NEIGHBORS SEE US.* Readings in the Relations of the United States and Latin America 1820-1940. (314 pp.)

The second world war and the vast changes accompanying it find the United States once more defending her policies in the name of the Monroe Doctrine. But as always before discussions about the Doctrine are vague and misleading. Dr. Reynolds' book is of great help in understanding the present situation. It offers a sober interpretation of the economic aspect of the Doctrine, almost exclusively neglected in previous literature, and approaches the problem from the Spanish-American point of view, which is also presented in selection from a wide variety of South American sources in the companion volume "As Our Neighbors See Us".

Dr. Reynolds goes back to the earliest interests of the United States and Great Britain in Hispanic America, the relations of Spain and France to Latin America, and the American and English reactions to the aspirations of these countries. He deals with the expansionist policies of North America before and after the Civil War and ends with the present-day relations between South and North America.

England and the United States needed an independent South America to foster their own trade which was hampered by the Spanish colonial monopoly. The Monroe Doctrine, supported by Britain, at first found the approval of South American nations because it helped them in their struggle for independence and gave them some sort of security against new European imperialistic adventures. The Doctrine was from the

Much more should be said about this excellent book, but nothing could replace reading it. It is more than just a book. It is a monument to the Austrian fighters of 1934 which reaches up to their level and thus gives not only understanding and a positive attitude towards the future, but also a recognition of the worth of death if its cause is life.

very beginning, however, promulgated to serve specifically the particular interest of the United States, and to serve those of Hispanic America only in case the latter did not contradict the peculiar inclinations of North America.

The Monroe Doctrine has no general principle; it never corresponded to a definite plan; interpretations of it vary according to time-conditioned, political and economic needs and desires. There are however three major ideas behind the Doctrine: defense, non-colonization in South America, and two separate hemispheres. This idea of two hemispheres, though fostered by the United States, did not prevent the U. S. from interfering in European affairs. The Doctrine, however, was invented to insure the supremacy of the United States on the American continent. It is essentially anti-European and aggressive in character, though always interpreted as a mere defense measure.

The Monroe Doctrine began with economic interests and developed with them. It became an instrument for imperialistic purposes, and has been regarded as such by South America. Up to now, American imperialism has aroused antagonism in South America, and an entirely different interpretation of the Doctrine — one favoring South American interest rather than those of the United States — will be necessary in order to change this situation.

The book contains an excellent bibliography.

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THE FIGHT FOR BRITAIN, THE FIGHT FOR DEMOCRACY, AND THE WAR AIMS OF THE WORKING CLASS.

(Prolegomena to a political discussion)

There is no better means of finding out how far we have traveled since the 19th century workers' movement collapsed in the cataclysm of the first world war than to raise the question of the war aims of the international working class today. There is nothing left in 1941 of that misleading simplicity in which for the class conscious minority of the social democratic parties of 1914 the problem of a true or false war policy resolved itself into a choice between outright betrayal and an unswerving allegiance to the revolutionary duty of an unconditional resistance to the capitalist war. The glorious example set by Liebknecht in Germany, by the Bolsheviks in Russia, and by certain other Marxist groups in Europe was admired everywhere. The adverse policies followed by the right wing and by the so-called Marxist centre were never wholeheartedly accepted by the masses of the proletarian membership, although much suffering and a full military defeat were needed to exhaust the endurance of the social democratic workers in Germany. Even when that point had been reached, the great majority of the workers were not prepared to do more than admire the new example of revolutionary consistency set by the Bolsheviks in Russia. They did not join the small groups of class conscious workers in Germany who at that time rallied round the Spartacus-Bund and the Workers Councils in an attempt to proceed from revolutionary resistance to the capitalist war to a veritable overthrow of the capitalist state and the capitalist system of production. In their actual practice, the great majority of the German workers did nothing to prevent that gigantic fraud by which the right wing leadership of the social democratic party and of the trade unions transformed its belligerent patriotism of the war period into the mock democracy of the Weimar

Republic and the mock pacifism of the League of Nations. For the next fifteen years this provided a propitious atmosphere for the lusty growth of the new anti-democratic and anti-pacifistic power of fascism. Thus the social nationalism of the social democrats of 1914 came to rest in the national socialism of 1933.

The first lesson to be learned from this short recapitulation of working class war policies is a more realistic appreciation of the intrinsic difficulties of a truly proletarian attitude toward the war. In view of the tremendous discouragement that followed the comparative optimism of the last generation of revolutionaries with respect to this task, it is worthwhile to point out that the greater part of these difficulties already existed in 1914-18. They found their expression then in the contrast between powerful working class organizations without a proletarian policy and the revolutionary slogans of an extremely powerless class conscious minority. Neither side of this contrast can be said to have embodied in itself the war policy of the German working class. We cannot even say in retrospect which of the two was in more clear agreement with the tactics recommended by Marx and Engels in the event of a European war. The further development, both in Soviet Russia where the left wing had had its way and in Germany where it had been crushed, shows clearly that the European working class as a whole had not developed a policy that enabled it to transform the capitalist war into a proletarian revolution or even to prevent the re-establishment of bourgeois class rule in a re-enforced form by the victory of the fascist counter-revolution.

II

None of the revolutionary slogans of the last war can be immediately applied to the much more intricate problems that arise from the immensely more entangled state of affairs today. There is no longer a need for the revolutionary workers of 1914 to bring about by their own consistent effort that "transformation of the capitalist war into a civil war" that was described as the ultimate aim of the working class by the most daring revolutionary slogan of 1914. The present war from its very outset (or even from its preparatory phases, the phase of the protests against Japanese aggression in Manchuria, the sanctions against the Italian conquest of Ethiopia, the "non-intervention" in Spain) has been a veritable civil war on both a European and a world-wide scale.

We do not know enough about the currents below the surface of present-day Nazi Germany, Fascist Italy, Russia, Japan and other totalitarian states that might come to the top under conditions of strain and defeat. But we had ample opportunities both before and after the fact to study the conditions preceding the rape of Denmark, Norway, Holland, Belgium, and the collapse of France. We have no reason to believe that, with the outbreak of war or, for that matter, with the "miracle of Dunkirk", all the "appeasement" and outright pro-Nazi tendencies that up to then had been represented by the Cliveden and Chamberlain groups in England have been

wiped out in favor of a grand unanimity of purpose. (We admit suffering an invincible distrust of all forms of "sacred unions" ever since the days of the first world war.) Last and not least, we are aware of the powerful undercurrents of present-day American politics. Thus we can safely say that in every "democratic" country today the ruling class is divided within itself. So far all Hitlerian victories have been victories in a civil war. There are two Norways, two Hollands, two Frances today, and the first day of restored "peace" (with or without a previous German invasion) will show that there are also two Great Britains.

Under such conditions no slogan that could be devised for an independent war policy of the working class today can escape being tinged with the same ambiguity that is so strikingly apparent in the policy of the ruling classes. "Down with the imperialist war!" — was a plausible war aim of the proletarian class so long as the war represented the supreme form of the united will of the bourgeoisie of one country to survive and to conquer in the struggle that was waged both against the hostile competition of the other national units of the bourgeois class and against the threatening proletarian revolt. The slogan has lost all of its former revolutionary force at the present time when it fits in so perfectly with the tendencies of the bourgeois appeasers and isolationists. "Defeat of one's own country!" — was regarded as the most insidious of all the weapons of the class war when it was used as a slogan by the revolutionary defeatists in Russia and Germany in 1914. Latterly it became a practical policy of that substantial part of the ruling class in various European countries that preferred the victory of fascism to the loss of its economic and political supremacy.

Despite this apparent ambiguity of every description of the war aims of the working class that can be devised under present conditions, there is no point in turning from a strictly independent war policy of the proletarian class to one or another "classless" substitute. It is the most distressing experience of our time to see those inveterate labor leaders, who have, for almost thirty years, incessantly advised the workers to sacrifice their independent class action for the sake of their "fatherland" or for the defense of an assumedly "progressive" fraction of the bourgeoisie against an assumedly less progressive fraction of that same bourgeois class, resuming their old game with slightly modified phraseology. It is even more distressing to see those well-known people being joined today by so many formerly class-conscious socialists. Both the old professionals and the disenchanted newcomers ask the workers to subscribe to one or another kind of interventionist, anti-fascist, or "Save Democracy First" program by pointing to the defeats and frustrations that have been suffered in the past by all attempts at an independent revolutionary policy of the working class. The utter futility of this "historical proof" has been shown above. The defeat of the workers in the war and post-war period did not result from the failure of the revolutionary attempts of the minority any more than from the policies of the majority leadership. Both the genuine attempts at a revolutionary war policy and the classless substitutes for that policy have led to the same

result. No fatherland was saved from defeat through the sacrifices of the German workers in 1914-18. No democracy was preserved by the sacrifices made by the workers during the episode of the Weimar Republic. No peace was secured by the workers' acceptance of the international bourgeois policies of the League of Nations.

III

The urgent advice given to the workers from all sides today — that in order to defend themselves they have first of all to join in the common task of defending "democracy" against the murderous assaults of fascism — bears a striking resemblance to a number of other much embattled slogans of the day. It seems to have become quite fashionable to think, in this age of substitutes, that to achieve something one has first to endeavor to do something else.

There is, first, the slogan of the interventionist fraction of the American bourgeoisie: "Defend America through aiding Britain!". This seems to convey the idea that even if we take it for granted that the supreme goal for Americans is to defend America, this goal is not adequately served under present conditions, by such simple and direct methods as those advocated by the "America First" program, but can be served only by active intervention in the present war on the side of Great Britain. We are not in a position to judge the relative merits of either of these plans from a strictly strategical point of view. But we strongly suspect that the real division between the adherents of the two slogans is not based on any strategical reasons at all. They do not express two different ways of furthering the common interests of the American bourgeoisie as a whole (and even less the interests of the American people). They rather express the different material interests and ensuing political philosophies of two definite fractions of the American bourgeoisie, or two different concepts of a desirable future development of the internal and external policies of the growing American empire. It is in this internal conflict of the ruling class that one side — the interventionist side as against the isolationist side — tries further to fortify its position through another appeal, which for the purpose of this discussion is most conveniently summed up in the slogan: "Defend *democracy* through defending Britain!" (Here by the way, appears the ultimate purpose of that other slogan which asked the workers to defend their own rights by defending democracy. The credo of present-day interventionist "socialism" boils down to the same miserable substitute as that of present-day Stalinist "communism": the defense of the power politics of a particular state.)

There is one flaw in the clever device of making the present British empire the international champion of the fight for democracy (thus at the same time of the fight for socialism). It showed itself in the recent discussion of the advisability of an official announcement of the British war aims.

True friendship should be mutual. If the fight for Britain is assumed to be a fight for democracy, the British government should openly accept,

in unmistakable words, the obligations connected with this world championship. It should openly announce its democratic war aims.

This seems simple enough. (It should be noticed that nobody up to now has asked from the Churchill government anything more than a solemn declaration in words. Nobody made the help of the friends of democracy, the help of the workers for the British victory, dependent on an immediate practical step — say the long overdue "democratization" of the British rule in India.)

Yet to make their argument acceptable to a government that up to now has never betrayed any particular attachment to further progress towards democracy, the friends of democracy approached the question from another angle. (Who would have expected them to approach any question in a straight line anyhow?) They agreed that for the British the victory of Britain must be the supreme goal. But this goal, they went on, cannot be reached, under present conditions, by a mere military fight. It can be reached only by that powerful mobilization of all progressive forces of humanity that would result from the solemn announcement of a truly democratic British war program.

Even so, the plea for an early announcement of the British war aims did not prevail over the opposite reasoning which points to the possible weakening of the apparent unity of the British (and the American) public if such highly controversial question were to be openly discussed. Again it is easy to see that the real point of dispute lies deeper. The whole debate on the advisability of an open announcement of the British war aims is only an ideological expression of an altogether different division within the British (and American) bourgeoisie. The conservative British government knows full well that an important fraction of the ruling class of America is much less concerned with the lack of democracy in the present British set-up than it is interested in the assurance that the actual war aims of Great Britain will at no time assume a too "democratic" character that could endanger the security of the existing capitalistic regime. The ruling class of the fully developed capitalist countries no longer splits on such general political issues as that between "democratic progress" and "conservative power politics". If it splits at all, it will be split on the much more realistic question of conflicting material interests.

In spite of the contrary illusions of a small and comparatively powerless group of political idealists, the ultimate fate of the British empire in its present desperate struggle against the Nazi aggressors does not depend on the outcome of the present world-wide ideological fight between the "democratic" and the "fascist" principles. It will not even be decided by the comparative strength of the fighting armies or by the superior technical equipment that may result from American all-out help to Britain. The outcome of the present war depends in the first place on the degree of internal division within the ruling capitalist class in England itself that, after a temporary truce between the pre-war appeasers and the Churchillites, reasserts itself

in the beginning struggle for or against the announcement of the British war aims. It will be decided in the last instance by the repercussions that the bitter fight of conflicting capitalist groups, at present fought out both by the war and by internal struggles within each country, will produce in the hitherto immobilized third camp, the camp of the proletarian class. We do not hesitate to say that if the assumed supreme goal of humanity in our time, the defeat of Hitler and the wiping out of fascism, can be reached at all, it will be reached in no other manner than by the independent fight of the working class for its most elementary, most narrowly defined, most concrete class aims. Not Great Britain, not "democracy", but the proletarian class is the world champion in the revolutionary fight of humanity against the scourge of fascism.

Beta.

FROM LIBERALISM TO FASCISM

Rapid social changes affected the various layers of society in different ways, manifold opportunities opened up with the formation of capital. A belief in progress dominated the ideology of the prospering capitalist class so that even the most ruthless of the capitalist entrepreneurs were somehow convinced that the never-ending accumulation of capital would finally benefit the whole of humanity. The undeniable miseries that paralleled the increasing wealth were seen as regrettable imperfections, partly inherited from the past, which would be smoothed out to the satisfaction of all in the course of further development. Ever since Auguste Comte, bourgeois thinkers interested in social questions have been thoroughly convinced that with the ascendancy of the capitalist system of production and its liberal political structure a society has finally been established in which all existing and possible problems can be peaceably solved through the "moralization of capital".

The development of capitalism has been accompanied by the growth and decline of a number of anti-capitalistic ideas and movements. But as the ideologies dominating a historical period are those of the ruling classes, so the optimism prevalent in the early labor movement was a reflection of the "positivism" of the liberal bourgeoisie. The opponents of capitalism, too, took it for granted that the capitalistic expansion process would industrialize great parts of the world, develop international trade, and simplify class relationships through the increase of the proletariat. The moderate as well as the radical wings of the labor movement, adhering to various philosophical and organizational principles, were deeply convinced that with the success of capitalism the success of the laboring class was also assured. Class-consciousness and labor organizations were bound to grow with the increasing importance of large-scale industry, with the accompanying capital

concentration, and with all the related structural changes in the direction of the two-class society.

The idea that progress would serve both the capitalists and their opponents, and the latter even better than the first, was a reflection of the practical unity between labor and capital, of the continuous interplay of class forces that excluded the development of a "pure" class-consciousness and a truly consistent revolutionary practice, and was, in addition, deeply rooted in the past. Because history cannot be turned backwards, there has been no alternative for the proletarian layers of society to their support of the bourgeois revolution. Though the workers simply had to fight on the side of the rising bourgeoisie, they were made to think and were fond of believing that in fighting for the cause of capitalism they were also preparing their own emancipation.

To find capitalistic and even pre-capitalistic elements in all anti-capitalistic theories, utopias, and movements is nothing to be wondered at. Not only can they be found at the initial stages of these movements, but they have been destined to gain importance in the course of time. Modern socialism, not wishing to arrest a development considered historically necessary, tried to help it forward by remaining progressive when the bourgeoisie itself had already become conservative. Recognizing the continuity of the historical processes, which it interpreted as a series of class struggles, the proletariat was to carry on where the capitalists left off. While the bourgeoisie was satisfied with a dialectical movement that retired with the creation of the bourgeois state, Marx continued to look at the society dialectically, that is, he worked in the direction and in expectation of a proletarian revolution.

The reaction fostered by the successful bourgeoisie could not be fought for long, however, with reminiscences of a revolutionary past. The farther the labor movement was removed from capitalism's *Sturm und Drang* period the less it felt inclined to re-enact the historic drama of the bourgeois revolution in proletarian make-up. Marx himself became noticeably more scientific the older he grew, and "General" Engels was forced to reject as outmoded the once beloved strategy of the barricade. The growing possibility of apparently increasing profits and wages integrated the labor movement more securely into the capitalist structure. Politically, too, the laboring class became a seemingly important factor within bourgeois democracy, at least in Western Europe. "Onward and Upward" was the slogan of all classes, and neither revolutionary science nor propaganda could counteract the new spirit. The labor movement as a whole adopted the ideologies of those very bourgeois reformers whom Marx had thought unworthy of a serious critical appraisal. Finally, the Fabian Society and Bernstein's "Revisionism" added dreary statistics to the already stale class collaboration ideology of John Stuart Mill — and called it a day.

Though it is true that the "original" Marxism contained bourgeois elements in its theory and practice, it more importantly embodied ideas and social forces quite incompatible with capitalist society. In the economic

sphere capitalistic "progress", that is, the accumulation of capital, Marxism saw as the accumulation of misery. The competitive, private-property economy was bound to meet ever-growing difficulties which it would finally not be able to overcome. The capitalist system was mortal. Its inner contradictions and outer limitations assured a rising labor movement that its hour of triumph was the nearer the more capitalism progressed. The revolutionary elements in Marxism were soon, however, either ignored or interpreted in a way that fitted them into the increasingly non-revolutionary practice of a labor movement thoroughly satisfied with capitalistic progress but in need of an ideology that camouflaged this fact. The revolutionary content of Marxism became a sort of spiritual exercise for holidays. It was brought out as compensation for the meagerness of the concessions wrested or bargained from the bourgeoisie. It served as a reminder to the ruling class not to relax in its duty towards its slaves.

The fact that attitudes, principles and activities, considered progressive at the stage of bourgeois enlightenment, entered the proletarian theory and practice is revealed also in the various concepts of what would constitute a new society. The new social structure advocated by revolutionary organizations, or the transformation of the existing order into the new one hoped for by the reformists, were very vague mental constructions. But even in their ambiguity these blue-prints of the future were as old as they were new. They often came very near to those early utopias which searched rather for the lost paradise than for a new society, as for instance when Friedriech Engels, on the strength of a questionable theory of anthropology, conceived of the new society as regaining—albeit on a higher level—a long lost primitive communism. Marx himself asked the question whether or not the precapitalistic Russian village-communes could be of use and could play a part in a socialistic reconstruction of society. Ideologies bound up with early and even pre-capitalistic conditions also found a belated revival in the theories of anarchism. The slightly altered ideas of the petty bourgeoisie reappeared in programs designed to end all monopolistic rule by ending that of the state. Decentralization, social credits, labor exchanges, syndicates and other proposals were—so to speak—not only results of an intuitive recognition that the trend of capitalist development pointed toward the totalitarian state, but were connected also with the theories and practice of the remote past. After all, Hobbes wrote his *Leviathan* in the middle of the seventeenth century and the Jacobin terror had demonstrated quite early the possible absolutistic powers of a democratic-capitalistic regime.

The vague concepts of socialism were as misleading as they were useful. As Professor Pigou once remarked, if "we are setting a nude figure, with all its blemishes patent to the eye, against a figure that is veiled, we are tilting the balance against the nude", that is, against capitalism. However, it is understandable that what the nude reveals will strongly influence any guess as to what the veil might conceal.

Capitalism developed from *laissez faire* to monopoly. *Laissez faire* itself presupposes the monopoly of the means of production in the hands of the

capitalistic class. But there was competition between individual entrepreneurs. This competition, however, was from the very beginning an imperfect one because it involved different aggregates of capital, shifts of production, variations in locality, in short, a whole series of economic, social, historical and geographical facts which had different meanings for different capitalists, and which turned all competitive "laws" into "laws" of monopolization. Capital formation was thus capital concentration, which, in turn, meant centralization of political control. Logically this whole development would end in a division of society into two groups: the owners of the means of production — which by virtue of their position ruled over all spheres of social life — and the rest of mankind. It was acknowledged, however, that this development did not need to reach its "logical conclusion"; that long before, due to the pressure of the contradictory processes involved, stagnation, social upheavals and revolutionary changes might occur. Nevertheless, the trend was towards the "General Cartel" — towards state capitalism, that is, a situation in which the state is completely taken over by capital. Accepting this whole process as inevitable, it was only consistent that the socialists should center their attention first of all on the state apparatus; the reformists by trying to gain control legally, the revolutionists by wanting to destroy the old in favor of a new state. But both were to realize fully what would have to take place anyway: the final merger of all economic and political power in the hands of a single authority. The reformists, should they control the state, would purchase the means of production from their capitalist owners; the revolutionists would expropriate them. In the *Anti-Duehring* Engels proclaimed that "the first act in which the state really comes forward as the representative of society as a whole — the seizure of the means of production in the name of society — is at the same time its last independent act as a state". After that the state will "wither away" to make room for an "administration of things". State power is thus sought to eliminate the power of the state and thereby that of capital. The concept of the workers state was not derived from a hypothesis of social control that reached into the future, but was the recognition of an inescapable necessity which was determined by the previous development of capitalism.

Necessity was turned into a virtue. Shortly before the "first workers' state" came into being, its main proponent, Lenin, began to describe socialism as "nothing but the next step forward from state capitalist monopoly, as nothing but state capitalist monopoly made to benefit the whole people". State monopoly, especially in its most obvious form obtaining during war conditions, became for Lenin "the fullest material preparation for socialism", provided the ruling personnel was changed. The whole content of the proletarian revolution was now seen as the replacement of a selfish ruling class by a beneficent state apparatus. "If Russia was ruled by 130,000 landowners", Lenin once said, there is no sense in telling us that Russia will not be able to be governed by 240,000 members of the Bolshevik Party." And long before this opportunity arose, he had insisted that "the social democrat's ideal should not be a trade-union secretary, but a tribune of the people."

To square his political "realism" with his Marxian "orthodoxy", indispensable in the struggle against the capitalist and reformist opponents of bolshevism, Lenin transformed Marx's casual statement that the socialist society as it emerges out of capitalism would look different from one with a long history of its own into the useful formula "from socialism to communism". "Socialism" was the basis for communism, just as capitalist state monopoly had been the basis for "socialism". Thus every communist must support "socialism" and favor state monopoly; he can raise no objection to the demand that until communism arrives the strictest state control over production and distribution is required.

When Engels proclaimed that the proletariat seizes the power of the state and changes the ownership of the means of production into state ownership, it is clear that he assumed that there had not been a change of ownership into state-ownership before. Otherwise he could only have said that the capitalist state monopoly must be replaced by a socialist state monopoly. Thus Lenin proceeded quite "marxistically" to capture the state, nationalize all productive property, and regulate the economy according to a plan. To fulfill the Marxian program completely there remained only for the state to "wither away". What must be noticed, however, is that where Marx and Engels dealt with the socialistic reconstruction of society in an extremely vague manner, mainly outlining a few general principles such as can be found in the *Critique of the Gotha Programme*, Lenin had a specific and concrete concept of the structure and character of the socialism that the bolsheviks were to institute. His model — so to speak — was to be found in the German postal service, his "socialism" was almost identical with the "socialism" of the German war-economy. To take over capitalism when it reached its highest concentration and centralization meant to Lenin to complete the socialization process that capitalism itself initiated and fostered through its own peculiar laws of development. In advanced monopolistic nations the political overthrow of the state would today suffice to turn into socialism what only yesterday operated under the false name of capitalism. In Russia it was more complicated, because there the proletariat had to both make and unmake the bourgeois revolution, since the bourgeoisie proper was no longer capable of fulfilling its historical mission, that is, preparing the ground for the socialist society.

Marx and Engels were scientists not prophets. They analyzed the capitalist system as they knew it and drew some conclusions as to its developmental tendencies, but they did not predict the future in all its details. They did not foresee the present totalitarian regimes. For them the state was essentially an instrument to secure the rule of the capitalist class. If, with the concentration of capital, the ruling body became smaller, the state would serve fewer interests and oppose larger masses. But Marx and Engels never followed their own lines of thought to the end, for they were convinced that capitalism would not be able to reach a point of development that allowed for the complete merger of state and capital, and for some kind of planned economy. Both knew that trustsification and protectionism were

attempts to bring some sort of regulation into the national and international markets, but they felt sure, as Engels pointed out in a footnote to the third volume of *Capital*, that such "experiments are practicable only so long as the economic weather is relatively favorable... although production assuredly needs regulation, it is certainly not the capitalist class which is fitted for that task; the trusts have no other mission but to see to it that the little fish are swallowed by the big fish still more rapidly than before." For Marx the process of capitalist expropriation would not end in a gigantic super-trust merged with the state. Trusting in the growing powers of the working class, his concept of the capitalist accumulation ended, as he once wrote to Engels, "in the class struggle as a finale in which is found the solution of the whole smear."

For a long time to come, however, the actual class struggles merely served as incentives for a more rapid capital accumulation. Capitalism proved itself very adaptable to changing circumstances. The periodically recurring crises strengthened rather than weakened it. The class struggle became quite unimportant. The dominant issue was the changing character of capitalism itself. Trustification, cartellization, monopolization, often over-reaching national boundaries, pointed in the direction of market regulations, planned production and crisis control. A new era had seemingly begun. Capitalism, at least that capitalism of which Marx had written, neared its end. The socialist theoretician Hilferding pointed out that each capitalist must not only make profit, but must accumulate in order to remain a capitalist. But accumulation is the concentration of capital in fewer hands. Thus in pursuing his capitalistic end, each capitalist progressively destroyed the opportunities for pursuing capitalistic ends. With the concentration of all capital in "one hand", capitalism would have reached its "goal". There would then no longer be a capitalist end that could be pursued. Capital accumulation in the previous sense of the term would no longer be possible, because where all is concentrated concentration stops. Kautsky a little more timidly applied the same reasoning to problems of international relations in his theory of "Ultra-Imperialism".

At first glance all this seems quite in step with Marxism, for Marx himself was convinced that, nationally as well as internationally, "everything the bourgeoisie centralizes favors the working class". Yet this would not spare the working class the trouble of the revolution. For Marx the development from *laissez faire* to trustification was not a straight line. This development was a contradictory process of prosperity and depression, creation and destruction, centralization and decentralization, progress and reaction. The contradiction inherent in the relations of production could never be overcome by way of centralization, that is, by a mere organizing principle. It would be reproduced on an enlarged scale as production itself was enlarged and the scope of capitalist activity widened. The end of *laissez faire* was not the end of competition; it only led to the more forceful competition of monopolies. National centralization indicated a trend not towards pacification but towards imperialistic wars. There were no doubt

quantitative changes; a qualitative change, however, involves class action. As long as there were owners or controllers of the means of production on the one hand and an empty-handed laboring class on the other, all reproduction involved the reproduction of the exploitative relationship. Only that class which owned nothing could be interested in ending this relationship, and could thus stop a continuous reproduction process that involved the reproduction of all conditions connected with and determined by the existing class relations. Short of the abolition of the class relations all transformation would only be new expressions of the same old capitalist society.

The socialist reformists did not deny that the competitive struggle reproduced the inner contradictions of capitalism on a larger scale, but they thought that this process was coming to an end because of a lack of competitors. Assuming that this end would be reached, Hilferding wrote in his *Finanzkapital*, "the whole of capitalist production would be consciously regulated by one authority... it would still be a society in antagonistic form. But this antagonism would be one of distribution. The distribution itself would be consciously regulated." At this stage of development all previous capitalistic categories would lose their meaning. The single authority would arrange what should be produced and under what conditions; it would control the products, and would distribute them as it saw fit. Under such conditions, the only reason for displacing with socialists a capitalist authority, that is, the personnel brought into controlling position by the previous development, would be the conviction that the socialists knew how to serve society better. From then on the historical process would be determined by the actions of the persons comprising the single authority. It would make no difference whether these persons stemmed from the capitalist class, the middle class, or the working class; the quality of leadership would be all that mattered.

Though Lenin was a great admirer of the Marxian "orthodoxy" of Kautsky and Hilferding, he soon disagreed with them on practical issues. Independent of the question as to whether or not their theories would work in Western Europe, it was certain that they did not fit the Russian conditions. To wait for capital-concentration among the Russian peasantry simply meant asking too much. A revolution was in the making; one had to participate and adapt oneself to its specific conditions. Though Lenin did not possess the patience of the reformist who waited for the "ripening" of socialism, he enthusiastically accepted their notion that history could be made by a directorate as soon as capital was concentrated in "one hand". "State capitalism," he said at a Congress of the Bolshevik Party, "is that form of capitalism which we shall be in a position to restrict. This capitalism is bound up with the state, and the state — that is, the workers, the most advanced part of the workers, the vanguard, is ourselves, and it is we on whom the nature of this state capitalism will depend". In view of the hierarchical arrangements within the party, all that was left to say was what Louis XIV said shortly before the bourgeois revolution, "*L'état, c'est*

moi", and what is now, at the "end" of capitalism, on the lips of a hundred million Germans, "*Hitler ist Deutschland!*"

The application of these principles in Russia was intended to do and do better what the capitalist had not succeeded in doing. It was an enormous job. There can be no doubt that Lenin and Trotsky applied the terms "traitor" and "hypocrite" to the Hilferdings and Kautsky not for competitive purposes only, but because they were really convinced that these people betrayed their own principles. After all, the essential differences between reformists and revolutionists were to be found in their struggle-for-power policies, not in their methods for building socialism. True, Russia was not "ripe", but could it not be helped along by doing consciously what in the capitalistic nations went on behind the backs of the people? The socialists had no answer. To find anti-bolshevik arguments at all they had to borrow from the white counter-revolution.

In his book "Terrorism and Communism" Trotsky wrote that "without the militarization of labor and state compulsion... socialism will remain an empty sound... There is no way to socialism except by the authoritative regulation of the economic forces and resources... ...and the centralized distribution of labor in harmony with the general state plan." This was in full accord with the ideas nourished by all socialists of the time, yet the majority of the social-democrats refused to accept the bolshevik regime as a socialistic one. Under this regime socialists and their followers went to Siberia just as they went under the Czar. But the socialists could not claim that they were opposing a capitalist regime, nor could they admit that they were out to crush socialism. What then did they oppose?

Actually the problem solves itself very easily; "theoretically" it is a little more difficult. The socialists had constructed a beautiful theory of social development; capital itself was the great "socializer". One had only to wait. Waiting was quite bearable since it schooled the masses, developed discipline, created group-solidarity, a worker's culture. In short, instead of money, as Marx had said, capitalism was sweating socialism out of all its pores. To be sure, money did not disappear altogether. Trade-union and secretarial salaries increased with the growth of the cultural requirements of the emancipated proletarians. Naturally, the emancipation could be achieved only gradually — one secretariat after another. The dimes and nickels of the millions created fortunes as well as the hundreds of thousands of any baker's dozen of capitalists. The socialists did not need to wait for Woolworth to demonstrate this fact. Every Balkan peasant knows that small animals also give manure. Lucrative jobs were waiting in governmental and labor institutions; money was made and cleverly invested. The emancipated proletarians learned to appreciate what Disraeli described as "the sweet simplicity of the three per cent." No, there was no need to search deep into the soul of man to understand why the socialists could not accept bolshevism.

Theoretically the socialist opponents could not admit the capitalistic character of the Russian social system because it applied their own theory

of socialization. Unable as socialists to fight a socialist state, they were forced to invent new definitions which fitted neither capitalistic nor socialistic ideals. At first Russia was denounced as a new variety of an eternal Asiatic barbarism. The fascization of Western Europe led to a refinement in description. Only recently Hilferding wrote in the *Sotsialistichesky Viestnik* that the Russian economy is neither capitalistic nor socialistic, but a "totalitarian state economy", a "personal dictatorship", Stalin's state, in which "economy no longer has its own laws, but is directed from above." In short, the centralization of all capital in "one hand" has been literally accomplished. For the present-day Hilferding this goes too far. Earlier he was quite willing to accept an economy consciously regulated by a civilized, well-meaning and, if possible, social-democratic central authority. But a personal dictatorship, especially of a Stalin, he rejects. Thus he is now convinced that the dreamed of "managing of things" may become an "unlimited domination over man", and he says that "we must change our over-simplified and schematic ideas about the inter-relationships between economy and the state."

Not only Hilferding, but most politically-minded people are now reconsidering their former conceptions of capitalism, socialism, the state, and their interrelationships. It was not the Russian Revolution that stirred them up, however, but the rise of fascism, and especially the successes of the German Nazi-state. The Russian Revolution had rather reestablished the belief in "progress" somewhat dimmed by three years of warfare. All went according to schedule: accumulation, crisis, war, revolution, socialism. But in Western Europe the new hope led to no more than the applauding of the heroic deeds of the Russian workers. A few million dead soldiers had not been able to destroy the theory of "gradualism" that dominated the pre-war ideologies. Only the so-called fascist revolutions ended the reformists' dreams by killing off the dreamers. But instead of the situation becoming clearer, now that the "dream was lost", it only became more bewildering. Less than ever do people understand the meaning of their own activities and the happenings in their world.

II.

The fascist state, and even more so the bolshevik state, are both old and new, just as all anti-capitalistic ideas have been both old and new. Thus some observers are able to see in the rise of bolshevism and fascism the beginning of a world-wide social revolution, and others can speak gloomily of a return of the Dark Ages. Indeed, it seems that ideas of the mercantilistic stage of early capitalism re-appear in national-socialistic concepts, that money-economy returns to earlier barter-schemes, that the internationality of capitalist trade yields to autarchy, that wage-workers find themselves once more in servitude. And yet, the *Blitzkrieg* changes the map of the world even faster than the imperialism of liberalism; production for whatever purpose exceeds all previous records; capital is spread to all corners of the world; populations are shifted on a scale that makes the mass emigrations

of the past appear like jaunty week-end excursions. Munitions plants in the jungles of the Dutch Indies, airplane assemblies in the woods of deepest China, death-bearing "Liberators" crossing the Atlantic in 7½ hours, engineering feats of bomb-proof dogouts for 46 divisions awaiting *Der Tag* of the invasion, enthusiastic shock-troops in field, factory and enemy territory — certainly this cannot mean that the clock has been turned back.

Can this be capitalism? Has not capitalism long been decaying? Has it not suffered under the permanent crisis, unused resources, stoppage of capital export, millions of unemployed and, worst of all, the decline of profits? And then what was the meaning of the bolshevik coup d'etat, the March on Rome, the Reichstag fire? What explains the variety of procedures of Mussolini's syndicated corporate state, in the Russia which abolished all individual property rights, in the state-controlled German economy? What do these differences mean in regard to the interests of capitalists, workers, farmers, and the middle class? What should be accepted, what rejected? An so on — endlessly.

Let us recall for a moment Hilferding's remark that in Stalin's Russia "economy no longer has its own laws." We already know that, according to Hilferding, economic laws concentrate capital into fewer hands—finally, into "one hand." Connected with these laws were other "laws" referring to the capitalist mechanism as it operates at any time during the general developmental process. With the social capital united in "one hand", these capitalistic categories would lose their force and meaning. Until then the development of capital would be determined by the "law of value", the automatic regulator of capitalist production and distribution.

The "law of value" was discovered by Marx's forerunners, the exponents of political economy. It served to show that the capitalistic market mechanism benefitted the whole of society; an "invisible hand" guided all dispersed individual activity towards the common goal — an economic equilibrium in which each one receives his proper share either in the form of profits, interests, or wages. For Marx the definition of value in terms of labor meant something other than what it meant for classical economy. "In the haphazard and continually fluctuating relations of exchange between the various products of labor," he said, "the labor time socially necessary for their production forcibly asserts itself as a regulating natural law just as the law of gravity does when the house collapses over our heads." It is only in its conceptional form that Marx's "law of value" is connected with that of the classicists. It is distinguished from the latter through its close connection with the social conditions underlying the capitalist economy. In 1868 in a letter to Dr. Kugelmann, Marx wrote, "Even if there were no chapter on 'value' in my book, the analysis of the real relationships which I give would contain the proof and demonstration of the *real value relations*.... Every child knows that a country which ceases to work, I will not say for a year, but for a few weeks, would die. Every child knows, too, that the mass of products corresponding to the different needs require

different and quantitatively determined masses of the total labor of society. That this necessity of distributing social labor in definite proportions cannot be done away with by the *particular form* of social production, but can only change the *form it assumes*, is self-evident. No natural laws can be done away with. What can change, in changing historical circumstances, is the *form* in which these laws operate."

In other words, the social division of labor entails some form of co-ordination of all individual operations to satisfy human needs. But private-property capitalism has no co-ordinating agency. That function is supposedly fulfilled by the exchange process. Human necessities must first be translated into value relations before they can be realized. The value relations appear as "economic laws" only by virtue of the fact that capitalists pursue individual ends in a society based on social labor. But the atomized activity of capitalist producers is only a historical fact, not an economic necessity. Capitalism emerged as a new class society out of another class society. It thus developed further the social labor process without being able to make it really social, that is, without being able to co-ordinate all partial functions in such a manner that the whole of society could participate in the progress connected with an increasing productivity.

Marx argued within the conceptional framework of classical economy in order to fight the bourgeois economists on their own ground, to show that their ideas failed to convince even in their peculiar fetishistic setting. But in doing so, he only translated into bourgeois-economic terms existing social relationships, that is, the actual fight between human beings and between classes to gain their separate ends without regard to any economic law or social necessity. He showed that no mysterious "invisible hand" was guiding society, but that it was "regulated" by the defeats and successes of groups and individuals in the relentless permanent social war. This war appears as the ordinary economic activity in which people engage; it is a war, nevertheless. The "economic laws" were exposed as relations between persons and classes in the productive process, and in social life generally.

The "economic laws" of capitalism, which have now supposedly culminated in the "directed economy," were of a fetishistic nature. Their end can only lay bare the real relationship they covered up. In other words, the end of these "economic laws" does not prove the existence of a new type of society, but only robs the capitalist society of its disguises. Behind all capitalistic categories there finally stands nothing but the exploitation of the many by the few. Because for historical reasons capitalist society started out as an aggregate of numerous large or small units, the accumulation of capital resulted from the quasi-independent activity of individual capitalists, profits and wages appeared to be regulated by market laws. For historical reasons, too, the state began as an executive organ for all capitalistic interests and was thus the property of none.

To the capitalist mind for which its own society was the final product of all social development and class relations were natural necessities — the capitalist relationships in production and exchange appeared as real

economic laws which determined and limited the behavior of men. To improve society it was only necessary to understand these laws better. However, all "scientific" economic theory remained mere ideology; though as an ideology it was forceful and well served the capitalist ends. As an ideology it entered even anti-capitalistic theories and mystified all social questions the simpler they became. The rise of the totalitarian state cannot be understood, nor its character grasped, by people unable to free themselves from this ideology which speaks of "economic laws" when it describes no more than the exploitation of men by men within a particular historical setting and at a certain developmental stage of social production and technique. However, fascism's "ending" of the assumed "economic laws" — which are now exposed as no more than a special *form* in which, within the atomized capitalist society, certain natural necessities assert themselves despite class and profits needs does not prove that there are no economic laws at all; it only shows that such laws can have nothing in common with those relationships the bourgeois economists describe as economic laws. The claim that fascism has brought to an end the "economic laws" which "regulated" capitalist society cannot be taken seriously, for one cannot end something that does not exist.

What the fascists are doing is to *react* differently to the inescapable need for distributing the social labor in such proportions that society can exist at all. That is, they have within given territories developed methods of doing consciously what hitherto was left to chance. The results of the struggle of all against all and of class against class, fought out in the sphere of exchange, disguised these real struggles as peaceful automatic exchange relations. What the fascists have done is to bring into daylight what had been hidden behind economic terms. They could not help unmasking the exchange relations as the relation between classes — one controlling, the other controlled — because they themselves rose to power by political struggles, not by grace of an economic law.

The law of value in the Marxian sense asserts itself by way of crisis and revolution. Under conditions of production and exchange in charge of a large number of relatively small enterprisers, and the existence of a variety of class interests and group interests within the classes, that is, in the so called laissez-faire period of capitalism, each class, each group, each capitalist had only a limited power to violate the interests of others. In bourgeois-economic terms this situation was seen, or could be expressed, as prices tending towards their value. The unequal development of the powers possessed by capitalists and classes, because of unequal beginnings and opportunities, and the inequality of social position meant that development took place as concentration of capital and centralization of political power. The strong could violate the weak in increasing measure. The distribution of social labor in definite proportions became ever more a distribution according to the needs of the determining capitalistic groups. If the contradictions between capital and social needs became too great, a crisis occurred. The crisis enforced re-organizations in the capital structure

so that the capitalists could continue to serve exclusively their own needs without inviting punishment. The day of reckoning was postponed, and has been postponed until now. In this very process, however, the face of capitalistic society has changed continuously.

All this can be expressed in economic terms, that is, can be described as the "law of accumulation", the "changing organic composition of capital", the "tendency of the rates of profit to decline", and in many other ways, as it is actually done in various crisis theories. But all these formulations only say in different words that on the basis of the existing divisions of labor, modern technique, and the prevailing class structure, more and more power is given to the successful groups to enforce their will upon society. This led to the conclusion that if one single group should usurp complete control over all capital, it would depend on the character of this group whether it would use its powers to distribute the social labor with a view of pleasing everybody, or use it to satisfy its own desires at whatever cost to society. It was not to be expected, however, that the cartelized monopolists would on their own part use their power to harmonize the social needs with the social division of labor. They either would have to be forced to do so, by more socially-inclined groups, or to be replaced by a socialistic regime. Thus not the working class, but separate organizations, parties as they had developed within the liberal structure, were thought of as the realizers of socialism.

Each political party, serving not the limited interests of one or another group within the accepted framework of capitalism, but aspiring to control society completely in order to realize one or another social theory, had thus to develop as a dictatorially-inclined party. Whatever parties claimed to favor democracy, that is, the democracy that existed, were destined to disappear, because the concentration process in society deprived them of their basis of existence. But the question which of a number of such organizations will finally gain power depends on a great complex of circumstances. There is no general formula for gaining power except that which says you have to take it. The composition of the group which becomes the single authority and its road to power may be quite different in every case. It is nonsense to address a particular group as one which, because of its special position or function in society, is scheduled to rule. No generalization can here approach realities. To explain the rise of Bolshevism in Russia a separate study is needed, to explain the rise of German fascism another is necessary. But to understand why the capitalist development tends to wind up in the dictatorship of one group over the whole of society it is only necessary to recognize the class character of society and to understand how this class nature determines the peculiar character of the developing economic and political structure of capitalism as one which concentrates, in the hands of a few, all that is created and belongs to the labor of all.

The successful party controls both the state and capital. But a state can under certain circumstances transform itself into a "party" and combine political and economic power in its dictatorship. Many roads lead to Rome.

The old idea that monopoly capital would control for its purposes the state apparatus has proved an illusion. This much only is clear. The old idea was the result of the generally accepted belief in capitalistic progress as determined by its "economic laws" of motion. There were no such economic laws; hence "progress" could take another course. But the stubborn insistence that old theories are truer than new facts, an insistence connected both with material group interests and the psychological difficulty of admitting defeat, still allows for wide-spread discussions as to what constitutes the difference between, say, Russia, Germany, and the United States. Those subjected to the fetishistic laws of capital have certainly lost a world with the establishment of the totalitarian states. Those adhering to the frozen ideology of bolshevism indeed see differences between fascism and bolshevism as great as between day and night. And every child can see that neither Russia nor Germany can be compared with the United States. Differences between these nations cannot be denied, but only a blind fanaticism could insist that Hitler serves a group of independent monopolists, that Stalin plans or fosters the resurrection of private property in the old laissez-faire sense, that Roosevelt's policies have as their basis the desires of the dominating groups of capitalists. It is also senseless to find a decisive difference between two systems in the fact that in Russia a party came to power illegally, and in Germany legally, or to distinguish between them, because in the one capital was expropriated at once and in the other only gradually. Neither is there any sense in distinguishing between a rising and an existing fascist regime, that is, between the latter and the "democracies", unless one has the power to turn events away from their present direction. To call one economic system capitalistic, another socialistic, and the third nothing for lack of terms, does not solve any question. Instead of arguing about names, one should describe in concrete terms the actual relations between men and men in the productive process, and their position in relation to the extra-economic sources of power. When one does that, all discernable differences become quite unimportant. In essentials all these systems are alike. In each a separate group controls all power sources and hence controls the rest of society.

The rule of a party as state, or of a state as party, and their control over the society, results from previous happenings. Advancing capitalization displaced individual capitalists with autonomous capitalist groups, individual workers with trade and political organizations. There arose — as it were — within the state a number of smaller "states" which interfered with the successful functioning of the state just as much as the monopolies interfered with the competitive rule of the market. Economic crisis conditions were accompanied by the crisis of democracy. To "solve" the first, the second had to be taken care of. But just as the bourgeoisie was unable to overcome the economic crisis, so it was unable to solve the political one. If a party could take state-power, or a state abolish all parties, it could "end" the political crisis. It could thus, unhampered, attempt to reorganize the economic structure. In fully developed capitalist nations a party may not need a real revolution to accomplish this task, nor does a state have to wait

for such a party. Only in backward nations are revolutions necessary for this purpose.

Although the growing influence of the state in capitalist society has been directly identified with its increasing monopolization, the apparent parallelism discernible here has to be understood not as a process in which one hand washes the other — that is, as if the monopolistic units themselves were fostering the power of the state, and the latter exercised this power in the exclusive interest of the monopolists,— but must be seen in connection with and within the setting of the general national and international competitive process. The state, essentially a monopolistic enterprise like any other, developed its own vested interests and had a better opportunity to defend them within the permanent international crisis conditions. It could with the help of social movements become the most important monopoly and within the framework of imperialistic rivalries combine all power in society in one hand, and thus begin to "plan" the nation.

From this point of view state rule over the economy and therewith totalitarianism is but another step in the concentration process which accompanied the whole development of capital. It is a new phase in the history of the capitalistic social and international division of labor based on the divorce of the producers from the means of production. Like any previous re-organization of the capitalist structure in the wake of a crisis, this new reorganization, expressed in a limited "planning", succeeded at first in overcoming an existing stagnation. These initial successes, however, only obscure the real character of its "planning", just as previously a new prosperity based on re-organization processes that took place during the crisis had given rise to hopes that now at last the philosopher's stone had been found. In reality, as the spreading of the war shows only too clearly, the anarchy of the market has been replaced by the anarchy of "planning". By gearing the whole economy to the needs of war all crisis symptoms disappear as they disappeared under war conditions in the liberalistic age. But the very existence of this war indicates that the separate interests of the diverse state-apparatuses — each of which comprises a group of privileged people — clash with the real needs of the social world just as violently, if not more so, as did the private-property interests of times past. All capitalistic categories today are reproduced not in their fetishistic form but in their actual character; they are reproduced on a still greater scale, violating more than ever the needs of mankind.

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REVOLUTION FOR WHAT?

A critical comment on Jan Valtin's "Out of the Night"

"Soiled with mire from top to toe, and oozing blood from every pore", a seafaring man emerges on this side of the Atlantic to tell a weird story of intrigue and conspiracy, of spying and counter-spying, of treason, torture, and murder. It is a true story, a reliable record of tangible facts, albeit mostly of facts that remind one of the "stranger than fiction" columns. Yet there is the difference that they are not isolated facts which seem unbelievable only because they do not fit into the common assumptions derived from everyday experience. Valtin's book reveals a whole world of well-connected facts that retain their intrinsic quality of unreality even after their non-fictional character has been established. It is a veritable underworld that lies below the surface of present-day society; yet unlike the various disconnected underworlds of crime, it is a coherent world with its own type of human actions and sufferings, situations and personalities, allegiances and apostasies, upheavals and cataclysms.

It may well be that the claim of publishers and reviewers that "Out of the Night" is "unlike any other book", and a "mile-stone in the history of literature" is justified, though in quite another sense than theirs. It has probably never happened before that a man of 36 years with "a face of exceptional boyishness" (publisher's advertisement) has told such a gruesome story, dealing not with his individual adventures but with an important part of world history, not with events long past but with things that happen just the other day and that may still be going on in a very similar way right now.

The title of this book is utterly misleading. Who came out of the night? When and where and for whom did the new day begin? What right have the publishers to claim that this man Valtin is "a symbol of hope in this dark hour, a symbol of a generation which came back from a long trek in the wilderness, to build civilization all over again"? The only thing that his career as an OGPU spy and a Gestapo spy who finally commuted between both of them as a spy's spy until even this became utterly impossible might symbolize is the final petering-out in a sort of ambiguous alliance of the competitive fight between German nazism and Russian bolshevism. How many of the readers, who today after fellow-traveling with bolshevism feel elated in the belief that, like Valtin, they have come back from a long trek in the wilderness to build civilization ("defend democracy") all over again, are aware of the fact that with them, as with their hero, nothing has changed but the external situation? Like Valtin, they never

dreamed of the possibility that one day in August, 1939, the two mutually opposed world-powers of fascism and bolshevism would come to terms, after which neither party would need the particular services they had rendered in exchange for that certain amount of "security" or "protection" which in the world as it is, results from the connection with any organization of power — holy or unholy. (This applies to the particular services rendered by professors and other intellectuals just as much as it applies to the services of spies, forgers, killers, and to other menial services.)

On the part of Valtin himself there is not much of an attempt to conceal this woeful state of affairs. In this respect he still towers, despite all we have said and shall say about him, high above some of his fervent admirers within the recently established Defense-of-Democracy Front (formerly "Popular Front") of the repenting American intellectuals. Although he makes his bow to American democracy — the law of the land of his last refuge — he does not dissemble his essentially different faith. He reveals rather clearly the state of mind that he had reached when after some years of torture in the Nazi concentration camp he finally made a well-prepared gesture of repudiating communism and accepting the program of "Mein Kampf". He does not pretend that in explaining the reasons for this step to his torturers he was speaking entirely against his true internal conviction: "Many of the things I said were not lies; they were conclusions I had arrived at in the self-searching and digging which many thousand lonely hours had invited." (p. 657) Even now, as an American resident in 1939, he comments on the revolutionary internationalism of his youth in much the same vein as when he had still to prove his recent conversion to "healthy nationalism" to Inspector Kraus in the concentration camp. (pp. 3, 659). Signing the pledge for Nazism carried conviction because he explained to his torturers that he "joined the C. P. as a boy out of the same motives which brought other youths into the ranks of the Hitler movement." (657). His preference from the outset, if he had had a choice, might well have been in the direction of the more whole-heartedly violent of the two anti-democratic post-war movements. He faithfully reports the sensation he experienced when as a youth of barely 14 years he, for the first time, "saw a man lose his life". The man was an officer in field-gray who came out of a station surrounded by mutineers during the revolt of the sailors in Bremen on November 7, 1918:— "He was slow in giving up his arms and epaulettes. He made no more than a motion to draw his pistol when they were on top of him. Rifle butts flew through the air above him. *Fascinated I watched from a little way off.** Then the sailors turned away to saunter back to their trucks. I had seen dead people before. But death by violence and the fury that accompanied it were something new. The officer did not move. I marvelled how easily a man could be killed. — I rode away on my bicycle. I fevered with a strange sense of power." (p. 10)

* Emphasis by reviewer.

Similar scenes were to occur again and again throughout the next fifteen years — and though no longer an innocent by-stander, he was still invariably watching the scene from a little way off, "fascinated" and fevered with a "strange sense of power." (There was one glorious exception that will be discussed below.) He was "fascinated" again when in 1931 he heard the first speech of Captain Goering:— "I tried to be cool, tried to take notes on what I intended to say after Captain Goering had finished, but soon gave it up. *The man fascinated me.*"** (p. 243)

Thus there is not much of a "gospel for democracy" in this story of an unrepenting adherent of an anti-democratic faith. Valtin's escape to the country of "democracy" is a mere external occurrence. There was no room left for him between the fascist hammer and the communist anvil. He thus symbolizes not the sentimentalized but the real story of those people who, after the German-Russian treaty of 1939 and more particularly after the collapse of Holland, Belgium, France, found themselves in a trap and are still desperately looking for an escape. It is a hypocritical and self-defeating attempt to sell this gruesome but true story of Valtin to the American public as an uplifting report on the redemption of a sinner from the damnation of anti-democratic communism and nazism.

It is equally ridiculous to ask us, as does the January Book-of-the Month-Club News, to believe that this book is "first of all an autobiography and it should be read as such." The reason that Valtin's book appeared in this country with the approval of the F.B.I., was the February choice of the Book-of-the-Month Club, has climbed to the top of the non-fiction best-seller list, was advertised on the radio, reprinted in excerpts through two issues of *Life* and condensed for the March issue of the *Reader's Digest*, is not its literary quality but its usefulness as war propaganda against both Nazi Germany and its virtual ally, Communist Russia. We, too, think that the book has merits from a literary point of view. There is a genuine epic quality in the story told in Chapters 18 and 19 ("Soviet Skipper") and in all parts of the book that deal with ships and harbors and seafaring folk. There is, furthermore, throughout the book an impressive show of that quality of the author's which impressed even his Nazi torturer when he said to him, "You have *Weltkenntnis*." There are other parts of the book, including the pathetic story of "Firelei", which might be said to betray too much of a lyrical effort; but here the reviewer would like to withhold judgment as it is often difficult to draw a line between genuine emotion and melodramatic display of sentiment. What concerns us, however, is the question of the book's political importance.

What does it contribute to our knowledge of that great revolutionary movement of the working classes of Europe that threw the whole traditional system of powers and privileges out of balance,— so much so that even in its ultimate defeat it engendered a new and apparently more formidable

**) Emphasis by reviewer.

threat to the existing system — the unconquerable economic crisis, the fascist revolution, and a new world war? What does the book teach us about the mistakes that led to the failure and self-destruction of the revolutionary movements of the last two decades, and what can be learned from it for avoiding similar mistakes in the future?

Before attempting an answer we might consider how much of a contribution to far-reaching political problems we can expect from a book like this. It would be unreasonable to expect much political judgment from a man who was fourteen years old when he was drawn into the maelstrom of the German revolution and later spent the best part of his life in the strict seclusion of the professional conspirator and spy, not counting a three years' term in an American prison and four years' detention in a Nazi concentration camp. Apart from the contacts with real human beings that he gained on ships and in ports on his numerous travels over the seven seas, there was in his long life as a revolutionary just one short period — lasting from May to October, 1923 — during which he had a chance to put in some actual fighting with the rank and file. This period culminated in, and was concluded by, his active participation in the famous uprising of the military organization of the C.P. in Hamburg in October, 1923. Thereafter he left the scene for another period of traveling abroad, performing odd services for the Party, and did not return to Europe and Germany for any length of time until the beginning of 1930. Only then was he charged with more important work under the immediate control of the inner circles of the Comintern; only then did he get a chance to observe events and developments from a point of view broader than that of the secret agent committed to a specific, and for him often meaningless task. His misfortune was that the international communist movement had in the meantime lost all of its former independent significance. It had been transformed into a mere instrument of the Russian State. Even in this capacity it no longer fulfilled any political function, but was restricted to organizational and conspiratorial activities. The national units of the Comintern (the C.P.'s of the various countries) had been virtually transformed into detached sections of the Russian Intelligence Service. In name only were they directed by their political leaders; in actual fact they were controlled by the divers agents of the OGPU. Thus, during the first part of Valtin's career there was a political movement of which he got only the most casual glimpses; and during the latter part, all that was left of the former political character of the C.P.'s was a mere semblance and pretence of a genuine political movement.

This summary of Valtin's personal history explains both the usefulness and the shortcomings of his contribution to the political history of the revolution. He does not understand much, even today, of the very different character that the communist workers' movement in Germany and in other European countries showed in its earlier phases; he accepts its later conspiratorial character as the inevitable character of a revolutionary movement. Such a tragic misunderstanding results, in his case, from a peculiar conjunction of different causes. His extreme youth during the formative

phase of the Communist Party, 1919-1923, the particular conditions along the "water-front" and more especially in Hamburg, that in many ways anticipated a much later phase of the general development of the Party, his own impetuous, enthusiastic, reckless nature that from the outset designed him for the role of a "professional revolutionist" in the Leninist sense of the term, his particular usefulness as a "real sailor" (p. 107) in a field that was of outstanding importance both for international revolutionary politics and for the specific aims of Russian power politics:— all this contributed to deprive him of his full share in the "normal" experience of the class struggle long before the split between the masses of workers and a secret inner circle became a typical feature of the communist movement all over the world. When he joined the party in May, 1923, he was at once singled out for "special" duties as a member of one of the "activist" brigades in the harbor of Hamburg, as a military leader, and as a "courier" for the exchange of messages between the known leaders of the German party and their Russian military advisers. It was by sheer instinct and good luck that he did not get involved in the first amateurish activities of the terror groups that were then introduced into German revolutionary politics by the secret agents sent from Russia for this purpose.

It is easy to show how little Valtin really understood of the daring ambiguities of the Russian "communist" interferences in the revolutionary struggle of the German workers. To this day he believes in most of the romantic stories that were then whispered from mouth to mouth about the various important "generals" who had been secretly sent by the Soviet government to handle the military end of the planned insurrection. It is true that a number of Russian officers had been sent, that they had advised the German Party leaders, and that they were, in fact, responsible for such fantastic schemes as that of the assassination of General von Seeckt, head of the German Reichswehr, by the T.-groups of the ill-famed Felix Neumann, who later betrayed the whole crew of the T.-units and their secret leaders, the Russian officers, to the German police. But it is equally true that the Russian officers had come to Germany in a double capacity. While the Soviet government was assisting the German C.P. in preparing the insurrection, it was at the same time engaged in secret negotiations with the same General von Seeckt whom its Tchekist emissaries planned to assassinate. These negotiations with the militarist and reactionary clique — the forerunners of Nazism in the Weimar Republic — were conducted with a view to preparing a Russo-German alliance against France and England, who had at that time invaded the Rhine and Ruhr territories of Germany. The negotiations led to a number of military agreements and paved the way for the treaty that was actually concluded between Germany and Russia in the spring of 1926.

All the Russian officers who had been tried and sentenced to death penalties and long prison terms in the so-called Tcheka-trial at Leipzig in 1924, were shortly afterwards returned to Russia. The underlying diplomatic procedure was screened by the arrest and trial of a few otherwise

unknown German students by the GPU in Moscow on the charge of espionage. They were convicted and afterwards exchanged for "General" Skoblevsky (alias Helmut, alias Wolf) and the other Russian officers captured in Germany. In reporting his version of these events, Valtin still naively believes in the story which was then spread by the German and Russian governments and was at the time widely accepted by the workers. Felix Djerjinsky, the "supreme chief of the GPU", he tells us, had silently inaugurated the drive against the German students and thus compelled the German authorities to return the Russian officers who had plotted against the life of von Seeckt and had nearly succeeded in organizing a revolutionary overthrow of the German state.

We have discussed this particular question at length not for the purpose of exposing the naivety of Valtin's report, but for a more important end — namely, to show the distortion that the whole history of the class-struggle undergoes if it is regarded from the restricted viewpoint of the technical "expert", the professional conspirator and spy. This distortion is inherent in the whole of Valtin's report on those earlier phases when the communist movement was still to a greater or lesser extent a genuine political movement, a true expression of the underlying class-struggle.

Unfortunately, the same objection cannot be raised against Valtin's report on the later phases of the communist movement. By that time the distortion of a genuine political movement to a mere conspiratorial organization had become a *historical fact*: After 1923 and again after 1928, 1933, and ultimately after 1939, the so-called Communist Party became what Valtin assumed it had been at all times — a mere technical instrument in the hands of a secret leadership, paid and controlled exclusively by the Russian State, entirely independent of any control by its membership or by the working class at large.

Thus the greater part of Valtin's book presents a most valuable description of the real distortions that must befall a revolutionary movement that becomes estranged from its original purpose and from its roots in the class-struggle. There is no doubt that Valtin has given a realistic description of this historical process and of its ultimate outcome. He has presented the facts without reserve, with no perceptible sparing of other persons and very little sparing of himself. He has recorded the characteristic features of persons, events, and localities with a rare gift both of memory and of accurate detailed description. He has thus revealed the complete inside story of an immense plot, whose details — by a carefully devised and rigidly observed procedure — were known only to a minimum number of immediately involved persons, most of whom have died in the meantime without recording their memories. Thus in his factual report he traces to the bitter end the working of one of the processes that contributed to the utter defeat of the most revolutionary movement of our time and to the temporary eclipse of all independent workers' movements in a twilight of despair, loss of class-consciousness, and cynical acceptance of the counter-revolutionary substitute for a genuine workers' revolution.

Yet it cannot be said that Valtin has presented the story of the degeneration of the communist movement in a manner in which it would be most fruitful for the politically interested among his readers. We must supplement his tale with two additions. We must point out the subtle process by which the first germs of the later decay were introduced into the revolutionary movement; and we must try to understand the whole of the historical development that from those inconspicuous beginnings led to the present complete corruption of a once-revolutionary movement.

Little did the masses of the Independent Social Democratic Party of Germany know what they were in for when at their convention in Halle in the fall of 1920 they accepted, along with twenty other "Conditions of Admission to the Communist International", the necessity for a secret "illegal activity" in addition to the regular activities of a revolutionary party. They had had some experience in "illegal action" during 1914-18. They had built up a secret organization of Workers' Councils, and ultimately, of Workers' and Soldiers' Councils to end the war and to organize the socialist revolution. They had become used to periods when all legal activities of the revolutionary parties (outside of the still formally respected parliamentary sphere) were suppressed, their leaders persecuted, their institutions destroyed and thus, for a certain time, the whole party "forced into illegality". Thus they imagined that nothing was at issue in the 1920 discussion but this indispensable element of any genuine revolutionary action — an element that is present even under the most normal conditions of the class struggle (e. g., in the organization of an ordinary strike). They suspected the right-wingers who opposed all the twenty-one conditions of a malicious plot against this inevitable form of maintaining the revolutionary movement through the critical periods immediately preceding its decisive victory or following its temporary defeats. They were for this reason unable to listen to the warnings of the left-radical communists who, adhering to the tradition of Liebknecht and Luxemburg, emphasized the spontaneity of revolutionary mass action from the bottom up as against the supremacy of an uncontrolled leadership from the top down. They did not, and from their historical experience could not, anticipate the fact that from then on a steadily increasing part — and ultimately all of their organization and politics, tactics and strategies, their choice of foes and allies, their theoretical convictions, language and mores, in fact the whole of their behavior — would depend on secret orders received from the often suspicious agents of unknown superiors without the slightest possibility of influence or control on the part of the members. (This is what became known in communist circles by the beautiful name of "democratic centralism").

Already in the next year, the "March-putsch" of 1921 gave a first impression of the disease that from then on was to destroy the healthy growth of the revolutionary movement of the German workers. It was the first of a long series of events in which the elite of the most valiant and the most devoted workers was sacrificed for an insane enterprise that was not based on a spontaneous movement from below nor on a critical

condition of the existing economic and political system. It was planned, and led to defeat, entirely by a secret semi-military organization. The same game was repeated under similar conditions, and invariably with the most destructive consequences, through all subsequent phases until it actually fulfilled the ultimate purpose that had been inherent in the procedure from the outset. It was used not to arouse the workers, but to restrain them from the decisive fight against the advancing forces of Nazism because (as Manuilsky said at the Eleventh Session of the Executive Committee of the Comintern in 1932): "It is not true that Fascism of the Hitler type represents the chief enemy". When this was said, however, the conspiratorial idea of the revolution had already nearly run its full course, although an aftermath was still to come. The period of the so-called Popular Front, inaugurated after 1933, brought many new phases until the Communist Party reached the utter debasement which is illustrated by the "communist" staff member of the City College of New York who was so conspiratorial that in helping to edit and put out the Communist campus paper he wore gloves in order to prevent his leaving fingerprints, because he had "an inordinate fear of detection."***

A final objection that might be raised against Valtin's picture of the degeneration of the Communist Party is that he does not discuss the manner in which Lenin's concept of the conspiratorial revolution is closely related to other parts of Lenin's theory—namely, to his concept of the party and the state, to his assumption on the role of the various classes, and even of whole nations, in the "uneven development" of the proletarian revolution and, last not least, to his theory of the "dictatorship of the proletariat". Here again an apparent shortcoming of the book is due less to the restricted technical outlook of the author than to the fact that none of those wider political concepts of the Leninist theory exerted the slightest effect on the action and omissions recorded in his book. During those later phases of the Comintern to which his report is mainly devoted, all the high-sounding terms of the original theory had long since degenerated into empty phrases without any bearing on the practical behavior of the "revolutionary" conspirators. All that the people described by Valtin needed of those Leninist theories was the cheerful acceptance of an unrestricted use of all forms of violence both against the existing powers and against those proletarian critics of an assumedly infallible leadership who had been described by Lenin and were described up to the end in ever new and more poisonous terms as the "agents of the bourgeoisie within the ranks of the proletarian class", the "agents of the counter-revolution", of "Social-Fascism", of "Trotskyism", etc., etc.

There was no longer any connection between the various forms and degrees of violence applied and the different tasks to be solved at the different stages of the revolutionary development. In fact, Valtin's uncritical report could be used to demonstrate an *inverse relation* by which the use of violence became the more unrestricted the more the movement lost its

*** See the testimony of Mr. Canning in the *New York Times* of March 3rd, 1941.

original revolutionary character and became a mere intelligence service at the command and in the pay of the external and internal power politics of the Stalin government in Russia. For example, an indiscriminate use of sabotage had been repudiated by the early communists in accordance with all other Marxist parties. In the later phases, as is most impressively revealed by Valtin, all conceivable forms of sabotage were commonly used and had long ceased to involve any theoretical problems. Again the famous "purge" of non-conformist party members was applied originally in the form of disciplinary measures culminating in expulsion from the party; it was later developed into methodical character-assassination and, ultimately, into outright assassination of individuals and whole groups, party members and non-members, both inside and outside Russia. (The murder of Trotsky by the GPU in Mexico was only the most conspicuous example of an almost "normal" procedure that scarcely interested a wider public as long as it was restricted to the extinction of present or former revolutionists).

In conclusion, one word against those inspired people who want to minimize the significance of Valtin's book by pointing out that the author was never "an important communist". It is indeed remarkable that this most ferocious attack against the present-day usurpers of the name of revolutionary communism should have come, not from one of the people high up in the party, but from one of those ordinary workers who were forever misused and sacrificed for the higher purposes of the gods. Here is a fitting symbol of the form in which the last stroke against the counter-revolutionary power entrenched in Stalin's Russia is bound to come:— the rebellion of the masses.

L. H.

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MAN AND SOCIETY IN AN AGE OF RECONSTRUCTION

Sociologists, who for professional reasons are more disturbed than other scientists by the unsocial behavior of men, find their greatest challenge in present-day reality. On the one hand there is an enormous advance in science and production, and on the other an almost complete inability to apply them to the advantage of society as a whole. This paradox leads sociologists once more to turn from their cherished pre-occupation with isolated sociological data to new attempts at formulating comprehensive theories designed to influence and direct social change.

It must be noted, however, that the vaunted empiricist formula was used so extensively not only for reasons of objectivity but also because it served as a sort of escape-device for scientists unwilling to make political decisions. Sociologists could not help noticing that all their findings led to conclusions which in one way or another were directed against the ruling interests in society. But though it was not difficult to maintain "neutrality" in the name of science, that was not enough. Whatever their attitude, the scientists are now dragged out into the open to "take their stand". Thus the recent tendencies in sociology are both a series of "confessions" and a militant defense of the scientists' position in society.

Although prosperity and depression, war and peace relieve one another, all that can really alternate in the course of social development is the *emphasis* upon one or the other side of this singular but double-faced process; for in the prevailing society productive forces are simultaneously destructive ones. This fact explains why, in an atmosphere suggesting war and reflecting general disorder, hopeful investigations are made and optimistic proposals offered to preserve peace and to re-establish order. Unless precluded by the requirements of warfare the search for sociality in the "unsocial" society is continued even in the midst of war. In this respect *Karl Mannheim's* new book *Man and Society in an Age of Reconstruction*¹⁾ must be regarded as an important contribution to contemporary social thought.

1) Kegan Paul, London. Harcourt, Brace & Company, New York. (469 pp., 16s.6d.—\$3.50) 1940.

The book, which carries the subtitle "Studies in Modern Social Structure," is divided into six parts dealing with rational and irrational elements in contemporary society, the social causes of the crisis in culture, the questions of crisis, dictatorship and war, with thought at the level of planning and with questions of planning and freedom. It contains, besides an introduction, a 72-page bibliography and indices of names and subject matter.

It should be clear that the reviewer will hardly be able to do justice to the whole

For Mannheim the present social crisis is not a temporary affair but a transition period to a new social order. The principle of *laissez faire* and its paralleling social structure resulted in chaos; a new principle, "planning for freedom", and a new social structure must evolve and lead to a higher social level which incorporates in itself former types of action, thought, and freedom compatible with the new society, and at the same time guards against exaggerated dogmatism in planning. Instead of despairing over the birthpangs of the emerging "mass-society", instead of longing for the irrevocable past, we should accept the *new* reality and help to realize a *new* freedom, *new* security, and *new* progress.

Since in Mannheim's opinion radical solutions of the existing social problems are out of the question, and since we have to be content with gradually altering small details within the framework of established relationships" (381)²⁾ we must, independent of our preferences, "use all our intellectual energy towards finding a combination of social controls which would determine how far individual liberties should be left unrestricted in order to preserve both the freedom of the individual and the efficiency of the community" (8). He, too, would prefer, he says, to live in a period "in which the social order and the technique of control did not allow one group of people to force its conception of the 'good life' upon another. But we have no power to choose the social order and its technique of control. They are already in existence, and the most we can do is to combine and mold them to the best advantage" (7). As there is no longer "a choice between planning and *laissez faire*, but only between good planning and bad" (6), and as the "planners can recruit themselves only from already existing groups, everything will depend on which of these groups with their existing outlooks will produce the energy, the decisiveness, and the capacity to master the vast social machinery of modern life" (75).

All this is quite in keeping with the spirit of the time, for it must be obvious by now that that kind of "planning" and social ordering initiated on a national scale by the Bolsheviks, adopted by the Fascists and Nazis in a somewhat modified form and with partly different means because of different conditions, is now under pressure of crisis and war being brought in a steadily increasing measure into the structure of those nations still paying lip-service to democracy and free-trade. In one respect, and with

content of this ambitious work, embodying as it does its author's reflections over a period of six years.. He will not deal with its social epistemology and its sociological analysis of ideas otherwise than indirectly. He feels justified in so doing because of the fact that the issues neglected were widely dealt with at the time of the appearance of Dr. Mannheim's previous book "Ideology and Utopia". Attaching more importance to the political than to the sociological aspects of the work, the reviewer concerns himself only with its main theses and its "message" as regards existing social problems.

2) All figures in parentheses refer to pages in Dr. Mannheim's book.

much more right than Harcourt who in 1901 said that "we are all socialists now", one could say that "we are all fascists today". A comparison between the various fascistic proposals and practices in regard to social problems and those brought forth by the reformists of the socialistic and liberalistic schools would suffice to justify such a remark. In view of this situation, Mannheim's book may also be appreciated for its attempt to reconcile social theory and practice, and for its recognition of the fact that whatever stand we may take in regard to fascism, our future activity has to be based on that social necessity which led to the rise of the totalitarian state.

II.

Mannheim's *central* theme is formed by the problem "of how psychological, intellectual, and moral developments are related to the social process" (15). He wants to show the connection between the changes in human beings and the great contemporary changes in the social system. The Marxian method of "contemplating our inner life in the light of economic processes does not exhaust all the possibilities of interpreting the mind in relation to contemporary society" (19). Relationships which are neither economic nor political, but social, "form the real center of the drama in which social changes are directly transformed into psychological changes" (21). Psychology, aesthetics, and jurisprudence are no more able than economics to deal sufficiently with the problems of mind and society. The isolated sciences have their usefulness, but they will have to translate their separate conclusions into sociological terms. Though until today we had no historical or sociological psychology, we now have to begin "to perceive the social aspect of every psychological phenomenon, and to interpret it in terms of a continual interaction between the individual and society" (17).

Mannheim points out that the number of sociological relationships and processes which affect the psychology of man is much greater than is usually supposed. To make this clear, he selects out of the variety of present-day social relationships "the conflicting principles of competition and regulation". He says "that not only in economics, but in every sphere of life the principle of regulation is replacing the principle of competition" (21). Because of the particular trend of thought which prevailed in those social sciences reflecting the rise of industry, it happened that the principle of competition was first discovered in the economic field. It had, nevertheless, universal validity. (There is competition in love, in art, in politics, etc.) Today, too, though the change from competition to regulation has economic causes, it also has a significance of its own; its influence is felt in every kind of social activity (22).

Mannheim's first attempt to forge a link between psychology and the social sciences serves to lay bare the "various sociological factors which could explain why civilization is collapsing before our eyes" (15). He points out that reason and order exist only under certain conditions. Belief in the progress of reason has lately been shattered; "groups which have hitherto ruled society and which, at least since the *Age of Reason*, have given our

culture its special tone"(40), have suddenly lost power. Thus it has become necessary to include in the "picture of historical development the recent experiences of the power of the irrational... It is the task of sociology to show at which points in a given society these irrationalities are expressed and which social functions and forms they assume"(63).

As points of departure Mannheim advances the theses that "the unfolding of reason, the ordering of impulses, and the form taken by morality are not accidental... but depend on the problems set by the existing social order. Societies of earlier epochs could afford a certain disproportion in the distribution of rationality and moral power. The contemporary society, however, must collapse if rational social control and the individual's mastery over his impulses do not keep step with technical development"(43). This latter disproportion proves — in the long run — to be incompatible with the industrial society because this society leads to a growing *social interdependence* and a *fundamental democratization*. Since there exists a "general disproportion in the development of human capacities", because "modern technical mastery over nature is miles ahead of the development of the knowledge and the moral powers of man", and also a "social disproportion" in the distribution of rational and moral capacities, because of the class and functional divisions in society, it happens that as soon as the masses "enter in one way or another into politics, their intellectual shortcomings and more especially their political shortcomings are of general concern and even threaten the elites"(45). To be sure there is today no more irrationality than in the past, but "hitherto it has found an outlet in narrower social circles and in private life"(45). As long as democracy was only a "pseudo-democracy", Mannheim goes on to explain, it allowed for the growth of rationality, but since "democracy became effective, i. e., since all classes played an active part in it, it has been increasingly transformed into a 'democracy of emotions'."(45).

At this point it is necessary to explain in what sense Mannheim employs the terms "rational" and "irrational". He speaks of *substantial* and *functional* rationality and irrationality. A substancial rational act of thought "reveals intelligent insight into the inter-relations of events in a given situation. Every thing else which either is false or not an act of thought at all (drives, impulses, wishes, feelings) is substantially irrational. Functional rationality or irrationality he uses in the way it is usually employed in regard to rationalization processes in an industry or administration, that is, where a "series of actions is organized in such a way that it leads to a previously defined goal" (53). "The more industrialized a society is", Mannheim explains, "and the more advanced its division of labor and organization, the greater will be the number of spheres of human activity which will be functionally rational and hence also calculable in advance"(55). This increased functional rationality does not, however, promote to the same extent substantial rationality. Rather, functional rationalization has a paralysing effect on the capacity for rational judgment, as crises and revolutions so amply testify.

In earlier societies "the individual acted only occasionally and in limited spheres in a functionally rational manner; in contemporary society he is compelled to act in this way in more and more spheres of life". Most intimately connected with the functional rationalization of conduct is the phenomenon of self-rationalization, that is, the individual's systematic control of his impulses. However, since in a functionally rationalized society the thinking out of a complex series of actions is confined to a few organizers — men in key positions — the average man's capacity for rational judgment declines steadily. This leads to a growing distance between the elite and the masses, thus to the 'appeal to the leader'. Self-rationalization becomes increasingly more difficult. "When the rationalized mechanism of social life collapses in times of crisis, the individual cannot repair it by his own insight. Instead his own impotence reduces him to a state of terrified helplessness"(59).

The origins of the rational and irrational elements in modern society are thus traceable to the fact that ours is not only an industrial but also a mass society. As an industrial society "it creates a whole series of actions which are rationally calculable... and which depend on a whole series of repressions and renunciations of impulse satisfactions. As a mass society, it produces all the irrationalities and emotional outbreaks which are characteristic of amorphous human agglomerations"(61).

The "irrational", however, "is not always harmful ...it is among the most valuable powers in man's possession when it acts as a driving force towards rational and objective ends"(62). It is harmful when it is not integrated into the social structure and enters the political life in a society in which the masses tend to dominate. This is so "dangerous because the selective apparatus of mass democracy opens the door to irrationalities in those places where rational direction is indispensable"(63). In short and to be specific, irrationalities are still an asset in France and England, but of course very bad in Germany.

III

It might be well to interrupt our exposition of Mannheim's studies and to select for discussion the following ideas:

- 1) Society is in a transition from *laissez faire* to planning. The character of ruling elites is decisive for future events.
- 2) To understand the actions and ideas of men the "multi-dimensional" nature of social events must be considered.
- 3) A civilization is collapsing; the belief in progress is gone; irrationality is on the increase. The last must be understood as the result of the contradictory development of "social interdependence" and "fundamental democratization", the more rapid growth of the *functional* as compared to the *substantial* rationality in industrial mass society.

To deal with the question of transition: It is essential for an understanding of Mannheim's thought to observe that his book has been influenced by "experiences in Germany and later by the English way of thinking, and

is an attempt at reconciling the two"(4). The democracies, Mannheim says, "have not yet found a formula to determine which aspects of the social process can be controlled by regulation, and the dictatorships cannot see that interfering with everything is not planning"(14). He favors neither of them, but a social policy which successfully merges what is good in both; everything depends finally on "whether we can find ways of transferring democratic parliamentary control to a planned society"(380). The political character of Mannheim's work is here revealed. Although somewhat hidden by a benevolent acknowledgment of Marx's contribution to social science, it is nevertheless an attack upon the idea of revolutionary change. Though convinced of the necessity of many of the fascistic reforms, Mannheim is thoroughly frightened by their social consequences. He favors a middle-way, that is, he favors the political attitude prevailing in the so-called democratic nations which are in opposition to the new German imperialism.

Mannheim is convinced that "if the groups engaged in politics still refuse to look beyond their own immediate interests, society will be doomed" (15). It is difficult to see more than rhetoric in this statement, for one or another group may be doomed (whatever that may mean), but why society? It is still more difficult to understand this because Mannheim does not believe "that the great theme of our time is the struggle between the proletariat and the bourgeoisie"(215). He admits that at an earlier time the class-struggle idea appeared to be quite realistic, but now it has to be recognized as a "distorted perspective". It is no longer true, he says, "that class antagonisms are the principal characters" in the social drama, because "new classes grew up which cannot be placed in the same category as the bourgeoisie, the proletariat, or the military caste; party organizations have been created which ignore the economic division between workers and industrialists. These issues dwarf the significance of the continued class tensions"(251).

If class issues are of "secondary importance" today they cannot be made responsible for the continuation of the present social crisis. If Mannheim nevertheless speaks of group frictions as responsible for the present chaos, this must be understood in the light of his conviction that "party organizations ignore the division between workers and industrialists". What "dooms" society is the struggle between party organizations and industry, between fascism and private-property capitalism. Mannheim's quest for ending group frictions to "save society" is an appeal to both fascist and "anti-fascists" to end their struggle and find a compromise solution which satisfies both, — a plea which simultaneously assumes that the proletariat as an independent force is already out of the way.

It is from this view that Mannheim's claims that most of the bad symptoms of our time are due to the transition from laissez faire to planning, from a limited democracy to mass society, and to the changes in social technique accompanying this process, must be understood. These principles appear to him as more important than the Marxian principles of class conflict and the struggle for power whose "concrete patterns are much too change-

able to be accepted as the eternal frame-work of future events"(251). He considers his principles more fundamental because they are more abstract, because "they sufficiently explain a large number of changes which will endure after the special class patterns have been modified"(252).

Though principles which will endure and transcend the narrower problems of the present are all right so far as they go, they are not "superior" and do not relegate the less abstract problems of the present into "secondary categories". To say that most of the symptoms of our time are due to its transitional character is to repeat — only in other words — that they are due to the actual struggle between party organizations and industrialists. Thus Mannheim has not replaced less abstract with more abstract principles. He has only narrowed down still further the class struggle principle by accepting — in *concreto* — one of its phases, that is, the present struggle between party organizations and industrialists, as of greater importance than the class struggle itself.

It might be difficult to recognize in the present struggles between fascism and private-property capitalism the old struggle between those who control the sources of economic and social power and those controlled by them because of the fact that the emphasis has now been shifted from the so-called economic into the political sphere. It is easier to discard the whole problem and to concentrate on issues which apparently transcend both the class struggles in their former and in their present disguises. In that case one cannot help assuming that society is already in the process of transition towards planning. Thus for Mannheim all present social tensions and difficulties result from the side-by-side existence of *laissez faire* and planning. But here a new difficulty arises, for Mannheim himself says, that so far we are "only in that stage of development where each of the dominant social groups is intent on capturing for itself the chance of planning and controlling society in order to turn its power against rival groups"(70). He thinks that up to the present "history has not produced genuine attempts at planning, since the experiments of which we know are blended with the spirit³ either of oriental despotism or military dictatorial traditions"(7).

For Mannheim real planning does not exist; but real planning should exist. The *new principle* is not practiced, but it should be practiced. Since this real planning does not exist, the present miserable state of affairs cannot be attributed to the side-by-side existence of new and old principles, that is, *laissez faire* and planning, democracy and dictatorship. The less so, since the *old principle* was in force only in the same sense as the new principle

3) We might as well leave the "spirits" out of it as Mannheim is aware of the fact that not only in the countries thus beset, but in all highly industrial states a "transition is taking place because all are suffering from the same dislocation of their normal existence". The fact "that some show obvious symptoms of the crisis and others are experiencing similar changes at slower speed under cover of social peace," he says "is due merely to an uneven distribution of pressure on different states, and to the existence of greater mental and material resources in certain countries" (12).

is in force now, not really, not socially, but only to favor some dominant social group, just as the new planning principle now favors other dominant groups. That both the democracies and the dictatorships, in Mannheim's opinion, fall short — although at different poles — of doing what he deems socially necessary is explained by the fact that both systems, despite all their differences, are still capitalistic regimes at different stages of development and within different settings. Both by performing apparently opposite movements nevertheless reach identical results, a process that finally may reestablish a new capitalistic "unity", a relative uniformity of behavior, the fusion of the "good" to be found in both the old and the new for which Mannheim hopes. From this point of view, Mannheim's book merely reflects what is now in the process of development, i. e., the social re-organization of the prevailing society in accordance with recent economic and class changes.

Mannheim's assertion — based on the ever-existing parallelism of old and new social patterns, techniques and principles, and their bewildering influences — that the present social crisis is a transitional period leading over to a new society is not convincing. From such a point of view all societies are always in transition, and though in one sense this is true, such a statement is not sufficient to explain social phenomena, nor can it serve any practical purpose.

Throughout capitalistic development, planning and *laissez faire*, democracy and dictatorship have always been two sides of the same coin. The planning of individual enterprises, which is now extended to national planning, and dictatorship over the working class, which now embraces all layers of society, are indications of the "maturity" of a society whose development has been determined by the characteristics of its embryonic stage, that is, by specific production — and class-relations that allowed for "progress" only in terms of capital concentration and power centralization.

No doubt one could very well speak of the present as a "transition period" in distinction to a period where fascism was not as yet fascism but merely a tendency expressed in the growth of monopolies, where dictatorial control over the workers' life did not extend beyond the factory, the barrack, the relief station and additional compulsives of the wage system. One could, that is, — to use an analogy — arbitrarily refer to the ripening period of fruit as its transitory stage, and to its previous growth as its "real," "normal", or "healthy" stage. Transition to what? Though there is no reason why one should not distinguish between different developmental stages of one particular societal form, yet all that transition could mean here is the transition toward decay. Distinctions have to be made between different developmental stages in a certain society and between one society and other societies. Though the birth of capitalism preceded the capitalist revolution, nevertheless the transition from feudalism to capitalism must still be regarded as a revolutionary act, as the result of class struggles. And though the transition to a new society need not and will not copy the transition from feudalism to capitalism, still it cannot be a mere "reconstruction" of the prevailing society. It would then still be the prevailing society, however changed.

Even if one follows Mannheim's advice and concentrates his attention "not on the contrast between evolution and revolution but on the content of the changes themselves" (12), it still has to be established whether those changes constitute a real social revolution, that is, abolish one kind of class rule in favor of another, or abolish class rule altogether — the criterion for which rests in the socio-economic field. Of course the latter query is of importance only to the class interested in revolutionary change. But disinterest in the problem does not eliminate it. Here, however, lies the crux of the matter, for Mannheim is convinced that "revolutions" can no longer be anything other than good or bad "reconstructions" of the *existing* society. He is satisfied with a very limited program, which as a matter of fact is so limited that it has already been overtaken by recent events. In the economic sphere, for example, he pleads for no more than a minor transformation of property concepts,⁴ for he is convinced that "entirely new principles of construction can often be found in trivial microscopic processes, provided they are integrated in a certain manner. Thus major principles are not infrequently concealed behind the mask of petty details" (12). However, fascism has meanwhile shown us what "major principle" was behind the "petty detail" of the "transformation of property concepts". The petty details which in the society thus changed, are supposed to secure "freedom for individual adjustment", on which Mannheim bases his hopes for a better future, suggest, as we shall see later, principles quite as unsatisfactory — at least for the large mass of individuals.

IV

Mannheim, who sees a real transformation of one type of society into another in the metamorphoses of democracy into dictatorship, of *laissez faire* into *monopolistic laissez faire*, of imperfect competition into imperfect regulation, maintains that the outcome of the process depends on the character of the elite which gives it direction. We must recall that in Mannheim's opinion democracy in capitalism is possible only as a "pseudo-democracy", which grants power to a small propertied and educated group. With the development of capitalism, i. e., with the concentration of economic, political and military forces, "irrationality" grows and democracies change into dictatorships because it is not possible "to bring everyone to more or less similar levels of understanding" (46).

4) "It is becoming more and more obvious", Mannheim says, "that the enjoyment of income and interests and the right to dispose of capital are two different things.. It is possible that in the future things will so develop that by appropriate taxation and compulsory charity this unrestricted use could be curtailed, and the disposition of capital could be guided from the centre by credit control. Fascism is making unwillingly an interesting experiment in its unacknowledged expropriation of the capitalists. It has managed to socialize the power of disposition without ejecting the former industrial elite from their posts. Transformation of the original form of capitalism does not consist in abolishing the claims of property, but in withdrawing certain functions of the ownership of capital from the competence of the capitalists" (350).

What Mannheim here describes has in a different sense been stated before in Marx's laconic remark that the "democratic swindle" is over as soon as it endangers the ruling class, and by William Graham Sumner who said that democracy serves as an impetus for class conflict, which finally forces industry to become plutocratic in order to survive. What is new in Mannheim is the peculiar way in which he attempts to show that it was not the sharpening of class frictions in the course of capital formation that led to the end of democracy, but the extension of democracy, that is, the quantitative growth of democratic political processes that led to the qualitative change into dictatorship. An exaggerated democracy leads to fascism. Thus the "democratic nations" fight the fascist nations today because there was too much democracy in the latter and too little in the former.

Let us recall once more Mannheim's explanation of the growth of irrationality. There are always fewer positions, he says, from which the major structural connection between different activities can be perceived. The broad masses become increasingly unable to understand what occurs. Their actions disturb the smooth working of society if the men in key positions are not able properly to integrate those activities into social life. "Primitive types" of men in key positions endanger the whole society. The "primitive type" has a chance to reach those positions because of the existing democracy. "The first negative consequence of the modern widening of opportunities for social advancement through education", Mannheim says, "is the proletarization of the intelligentsia. There are more persons on the intellectual labor market than society as it is requires for carrying out its intellectual work. The glut of intellectuals decreases the value of the intellectuals and of intellectual culture itself" (100).

This kind of argument seems familiar. There is, for instance, Hitler's observation that there are too many Jews in the intellectual professions, more than is good for German culture. Jewish intellectuals become in Mannheim's language just intellectuals, German culture, simply culture. This attitude is common to all separately organized groups with vested interests within the capitalistic structure. Essentially it expresses no more than the never-ending fear of the "arrived" of losing their positions to the "up-starts" in society "as it is", that is, in the relatively stagnating capitalistic society. But Mannheim says more. He asserts that if the "primitive type" worms or fights his way into the intellectual positions, he — the primitive type — reduces the whole intellectual level to his own. There is still another important assumption: If culture is no longer determined by the really cultured, who are to be copied with more or less success by the rest of the population, culture will be distorted. The specific economic and class outlook of the proletariat, for instance, which stresses the importance of technological development because by so doing it raises its own importance, may lead to an over-emphasis of the technological aspects of culture. "In Russia where the proletariat possesses exclusive political power," Mannheim says, "the proletariat carries this principle so far, that even if for no other reason, it continues to accumulate and to invest in order to expand itself as a social

class as against the peasantry" (105). If this is so, then all capitalistic development must have been carried out by a "ruling proletariat". Capitalism advanced so rapidly because it accumulated for the sake of accumulation and for the sake of transforming, if possible, the whole population — excluding the capitalists — into exploitable wage workers. Thus the Russian workers would seem to have taken power only to carry on the good, if one-sided work, from that point where the capitalists lost their breath. This overemphasis on accumulation under the direction of the capitalist, however, did not interfere with the creation of that civilization which Mannheim now sees endangered. Mannheim's rather grotesque example illustrates his point quite well however. Even in the "best case", so he thinks, class-rule determined by a class point of view leads to distortions. Consequently, the regulation and direction of society, in order to be intelligent and appropriate to social needs, must from his point of view be carried out by an elite which stands above classes and groups and knows what is good for the whole.

We do not think that the "democratization" of society is in any way responsible for the glut of the intellectual labor market. The existing "over-supply" is true of all kinds of labor, not of any particular kind. This indicates that the present crisis is not caused by maladjustments or disproportions between different branches of production which may be eliminated by way of a planning that reestablishes a lost workable "equilibrium", but is a fundamental crisis of the whole capitalistic system — a crisis that affects all branches of production and thus the whole of the labor market. The question of the intellectuals could no more be solved by rearrangements in the labor market than could a mere readjustment in the productive process overcome the economic crisis. As a matter of fact what adjustments and rearrangements are possible have already been accomplished, as the wide-spread destruction of capital and the proletarization of the intellectuals bear witness.

From a different point of view than that which still accepts society "as it is" when speaking of the future, the glut of the labor market is meaningless. If class and profit considerations were eliminated and the productive forces of society really released, an "over-supply" of labor could not arise. There would remain the problem of how it might be possible to live better with less labor with the existing labor force and its possible improvement, and thus how to "intellectualize" the masses still further. This question has nothing in common with the present problems of the disequilibrium and disproportionality and the planning needs associated therewith. There is also no bridge leading from the latter kind of "planning theories", designed for a society in which class issues have been forced into the background because one likes to keep them there, to planning in a society in which class considerations have actually ceased to determine the productive and distributive processes.

Mannheim's position, which assumes the possibility of planning without fundamental changes in the social structure of the process of production, offers little choice as to the way in which his theories might be worked out. Essentially everything boils down to a demand for a better-selected and more

secure elite which wisely and justly puts everybody where he belongs, even in labor camps a la Hitler, if necessary.⁵ We will have to return to this point when dealing with Mannheim's suggestions for the planning of society.

V

In regard to the *second point* selected for discussion, namely that social events are of a multi-dimensional nature, we would like to say at once that no one could disagree with this observation. We will also admit — using Mannheim's example — that the principle of competition has "universal" validity. There is no problem here — only the problem of where to begin. The selection of points of departure is decisive for any social analysis, since all social phenomena are not of equal importance, nor equally accessible for investigation. Mannheim, who conceives Marxism as a theory which "regards the economic and political factors as absolute" and thus "makes it impossible to proceed to the sociological factors proper"(21), misrepresents the theory he criticizes. Though it is true that Marx's science of society is first of all economic research this does not limit its comprehensiveness. It is not the fault of Marxism that other branches of the social sciences are less amenable to *scientific* investigation, that they become the less scientific the further they are removed from economic relationships. To remain scientific, Marxism starts where scientific research is possible. It is not Marxism but society which is responsible for the overwhelming importance of economics and politics.

Mannheim prefers to concentrate on the "usually disregarded psychological effects of the more elementary processes", such as occur "in other than economic surroundings ...in which men struggle or co-operate". He is concerned with questions such as "how and when and why people meet, how power and influence, risk and responsibility are distributed, whether men act spontaneously or under orders, what social controls are possible", because "all these things, taken individually and collectively, decide what is said, how it is said, what is consciously suppressed, or repressed into the unconscious, and within what limits the dictates of public morality are regarded as binding for all or as valid only within certain groups". He wants to deal with relationships like "authority and subordination, distancing and isolation, prestige and leadership, and their effect on psychological expression and culture in different social settings"(20), and so forth.

To judge from the results of Mannheim's studies one cannot help wondering if a less ambitious goal might not have been better. The ideas he advances do not reveal the "social changes underlying the psychological and cultural changes" any better than the more restricted investigations of Marx.

5) In the magazine *MASS UND WERT* (October 1937; p. 113) Mannheim wrote: "The fascistic labor camps, though not a pleasant solution for the crisis under which the permanently unemployed suffer, are nevertheless, from the view point of social technique, a better method if compared with those of liberalism which tried to solve the social-psychological problem of unemployment by way of the dole."

Rather the opposite is true, for Marx goes much further than Mannheim, and on the question of competition, for instance, shows that its "universality" remains bound to the specific form of capitalistic economic competition; that the general can only be grasped with reference to the particular. Competitions in love, in art, in politics, though having in one sense a "significance of their own", really attain their own significance only by way of the economic process. The influence they exert upon society on their "own account" gain *social significance* only by winning importance economically. Otherwise, that is, in so far as they really show independent forms, they remain outside the field of social science, which like anything else has its limitations. In short, considerations of an infinite number of social relationships will not lead to useful generalizations. The latter are bound to a definite number of social relationships. To increase that number by way of social research, and thus to improve the reliability of accepted generalizations, or to change those generalizations, is a worthwhile undertaking, but its success has to be measured by the knowledge already gained and the applicability of that knowledge.

It is impossible here to compare all, or even the more important, findings of Mannheim with those of Marx. Any careful Marxian reader of Mannheim's book is bound to notice that Mannheim — in spite of himself — relies almost exclusively on economic phenomena to interpret social and psychological facts. The extra-economic relationships that "form the real center of the drama" in which social are translated into psychological changes play in his own exposition as small a role as they played in Marx, who granted their existence in order to leave them alone. Thus the Marxian reader of Mannheim's work will often find himself on familiar ground. However the Marxian raisins to be found in this large cake of many ingredients⁶⁾ must not lead to the assumption that the differences between Marx and Mannheim are merely verbal, or that we have to deal here with a new attempt to bring Marx up-to-date. Whenever Mannheim draws from Marx, he empties him. Yet, whatever content this book possesses it owes to that "Marxism" that it declares to be insufficient for the purposes of modern sociology.

It may be in order at this moment to draw attention to Mannheim's dialectic which never fails to regard at least two sides of each and every problem he presents. As irrationality and rationality have their negative and positive aspects, so has mass-democracy and pseudo-democracy, so has competition and regulation, so has the restricted Marxian view and the more abstract sociological approach of Mannheim himself. Though generally the class war is regarded as a secondary issue, Mannheim at times admits that his "discussion of it does not aim at proving that there is no real chance of the class war becoming stronger than any other consideration" (341). This, however, is "only one alternative". "The question of primacy, though an

6) Adler, Dewey, Durkheim, Freud, Durbin, Hegel, Hobson, Gumplovicz, Le Bon, Michels, Mill, Nietzsche, Oppenheimer, Pareto, Pavlov, Sorel, Spengler, Scheler, Sumner, Tawney, Veblen, Weber, and others.

important one", he says, "in no way alters the fact that in some periods emphasis may be shifted from one mechanism to another, and this in itself may depend on the changing nature of social techniques" (308). Thus everything is possible and Mannheim actually succeeds in giving an idea of the "real", that is to say, the "multidimensional nature of social events".

But with this idea of the "real" nothing real can be undertaken. A bewildering picture emerges and it still remains to extract what is recognizable in it in order to reach conclusions. Mannheim in offering this picture stands nowhere and everywhere; as the saying goes, he cannot be "pinned down". There is not one position from which he cannot withdraw. He is never at a loss for explanations which would justify both his old and any new position. His comparatively constant principles such as the transition from competition to regulation as well as the others therewith connected, allow for a great variety of interpretations. The constant principles are vague enough. Events could never prove or disprove their validity.

His own proposals for the reconstruction of society and the remaking of man have no connection with reality. The "multi-dimensional" nature of his reality excludes both a fruitful empiricism and convincing theories. The latter remain idealistic demands not at all based on the empirical research accompanying them. His search fails to yield results because it is spread out over too large a field; because it consistently refuses to deal with society as it is and prefers instead to deal with society as it should be. Mannheim thus bears witness once more to the fact that a "sociological science" attempting to deal with *society* is an impossibility in a *class* society. In dealing with social issues in a class society one has to deal with class issues. But this Mannheim refuses to do. He does not see that so long as classes exist, class interests necessarily co-exist. He wants to have the first without having the second, or rather he believes that classes cannot be changed, but that class interests may be dealt with independently.

As thought and actions in the capitalist society do not stem directly from actual social relationships but must, in order to assert themselves, first be transformed into value relations in the exchange process, thought and action within the capitalist society can only be interpreted in connection with the prevailing fetishism in the capitalist economy. As all social actions bear upon economics because of the interrelation of all social phenomena, it is first of all necessary in order then to discover how non-economic social changes are transformed into psychological — to find out how far these changes and their psychological results are ruled by the fetishism valid for all spheres and all aspects of social life. This means that no investigation can yield results unless it starts from the social relationships that underlie all economic and extra-economic relations, that is, the class structure and the class problems of society. The fascistic concentration of capital "simplified" exchange relations but did not do away with them. Within certain territories the maze of the market is displaced by an open antagonism between the controllers and the controlled in the production and distribution process. The ideologies that to a large extent spring — so to speak — "automatically"

from the exchange relations, are now planfully constructed and take on outspokenly political characteristics. If it was previously necessary to deal with thought and action in the "round-about" manner enforced by market relations, which made the economic interpretation of social phenomena quite difficult, it is now much easier to discover behind every social phenomenon the actual determining social relations, that is, the exploitation of the non-possessing class by the class, group, or individuals that control the means of production by way of a monopoly over all the social control institutions.

There is no way of saying anything of importance in regard to the manifold social and psychological problems, unless they are seen from the point of view of existing class relations. By relegating class issues to the background and by concentrating on the infinite number of extra-class, that is, extra-economic phenomena, Mannheim can only mystify once more the real social issues of today. In brief, he only helps to formulate new ideologies for securing the rule of fascistic regimes.

VI

Before dealing with the *third point* selected for discussion it should be said that Mannheim's distinction between *substantial* and *functional* rationality is a devious one, because in reality all rationality is functional. The distinction between the two forms of rationality is based on the assumption that the changes in human beings are something other than social changes, an assumption closely connected with the old idea of the invariability of human nature. Mannheim, however, does not go that far; he only assumes that human nature changes less rapidly than society. He explains this with the principle of the "contemporaneity of the non-contemporaneous". "What is the significance of the bomb-dropping aviator?" Mannheim asks. He answers himself: "It is that human beings are able to make use of the most modern products of inventive genius to satisfy primitive impulses and motives"(42).

We do not share Mannheim's concept of the contradictory character of human nature. For us the whole problem of rationality raised by him seems artificial. But we will continue to argue on his own theoretical ground. Mannheim needs the contradictions in human nature of which he speaks in order to justify his own ideas of planning. Though he knows that war, for example, "is not the outcome of some invariable instinct like aggressiveness, but partly of the faulty elaboration of the psychological tendencies through institutions, and partly of the desperate flight of people into collective aggression when un-coordinated institutions clash and bring about a feeling of general insecurity"(141), he also sees that at "the present stage of centralized propaganda new patterns of thought and behavior can be popularized in a much shorter time and on a much larger scale than was formerly possible"(24). Under the new conditions, he says, "leaders enjoy the possibility of raising hatred on one day and appeasing it on the next" (137). Under such conditions it seems indeed important what kind of elite rules society.

It is true that we live in an age that produces ideologies, emotions, and activities in the same way that it produces cheese or any other commodity. It is an age where what was formerly considered "subjective" is now "objective". We have reached a stage in which all and everything has been perfectly capitalized and robbed of its last remnant of individuality. Except for "sports" there are no longer inventors, but factories for invention; no longer politicians — except clowns — but "machine-politicians". Each and everyone today, regardless of his specific qualities or shortcomings, can be all or nothing, because — if need be — consent can be produced at will. In short, there is no longer an individual and private sphere, because there have been developed, with modern technique, instruments of control powerful enough to rob the powerless in society not only of part of the products of their labor, but also completely of themselves.

Under such conditions, however, it becomes quite fantastic to follow Mannheim in his attempt to trace the twofold nature of man "right back to prehistory"(64), to search among the investigations of the ethnologists for clues which may explain down to the last details the reason for irrationality in men. Why all this effort? The cause of the "irrationalities" in the present day society is quite clear. If Mannheim states that the same "persons who, in their working life in the sphere of industrial organization are extensively rationalized, can at any moment turn into machine wreckers and ruthless warriors"(64), it is obvious that only if they are ordered to do so can they do one or the other. Because of their contradictory nature" they could only become wreckers and warriors if they were given a chance to escape the physical and psychological control to which they have to submit today. But Mannheim thinks that "the concentration of military instruments lessens the chances of any type of insurrection and revolution, as well as of the execution of the democratic mass will"(48). Then where do the "primitive motives" enter in? The aviator does not drop bombs because of some "primitive impulses". In so far as "primitive impulses" may play a part they are quite meaningless as regards the aviator's various activities. He drops the bomb for the clear-cut reason that risking death and killing belong to the capitalistic way of existence. Thus the sociologists do not need to "discover" the "social mechanism" which determines when and in what form in "human society" rational and irrational forces occur. All they have to discover is what lies open before their eyes. All that has to be seen is the class nature of the present — not "human" society, which forces the powerless to serve in manifold ways the singular need of the ruling class to keep itself on top.

According to Mannheim the "negative" side of mass-democracy under conditions of modern industry must be seen in the growth of irrationality and the break-down of morality. The intellectual and moral lag Mannheim deplores accompanied the whole of the capitalist development, but only recently did it assume disastrous proportions. Capitalist development, "progressive" as it was in terms of increasing productivity, necessarily lifted the intellectual level of the masses. According to Mannheim, however, functional rationality increased to the detriment of substantial rationality. His

proof is the economic crisis and the accompanying political outburst which he considers irrational.

The question arises: Would there have been no crisis if substantial rationality had not suffered as Mannheim thinks it did, if it had been sufficiently increased together with functional rationality? If for the sake of argument one accepts Mannheim's distinction with regard to rationality, even then it could be said that an inapplicability of substantial rationality is no proof for its nonexistence, or rather, that an insufficiently practiced rationality of this sort is no sign of its decrease. To us it seems obvious that whatever substantial rationality existed in men other than those in key positions, this could not change the fact that because of the peculiar characteristic of the capitalistic production process all that could be employed was functional rationality.

It is not so much the necessary functional division in social production as it is a question of class relations which puts some men in key positions and transforms others into living robots. The men in key positions may then point out that it is precisely the absence of substantial rationality on the part of the masses which forces them to serve society from key positions that give them insight into the interrelations of things. This whole argument of Mannheim's reminds us of the "white man's burden", which he transfers from the colonies to the world at large. Furthermore, the men in key positions are not there because they possess greater insight, nor does their position give them such insight. They, also, are restricted to that unfortunate functional rationality because their whole activity despite all possible insight and consideration for the interdependence of all social phenomena — must serve the interests of just one particular group which struggles against all others. Mannheim himself says that "what is economically irrational for a whole nation may still be profitable to particular groups" (136). We might improve upon this sentence in our own way and say: What is *profitable* for a particular group is necessarily irrational for the whole of the nation — if this nation is seen from a viewpoint from which class issues are no longer decisive. Otherwise the whole problem of rationality and irrationality as posed by Mannheim becomes senseless. Rational for whom and in relation to what? To avoid such questions Mannheim must necessarily assume the existence of a society in which class issues are no longer of importance.

If it were true that, relative to functional rationality, substantial rationality declines in the course of technological development, then in times of long-drawn depressions which decrease the tempo and scope of technological advances there should be less, not more, irrationality in the world. And if the masses actually enter politics by way of the democratic mechanism, the decrease in irrationality should also make itself felt in the political sphere. Just what is the proper proportion between technological and intellectual-moral development? When and for what specific reasons does the alleged disproportion become dangerous to society? When is a mass-democracy incompatible with an industrial society and when not? How much democracy must exist, how far advanced must industry be? What kind of intensity of mass-

influx turns the trick? At what point can the irrationalities no longer enter narrow circles? For all this and more, Mannheim has always just one answer: at the point when the crisis begins. The crisis explains all his assertions. But what explains the crisis? His assertions of course.

What is forcing its way today "in the arena of public life" is not however, that "irrationality" which hitherto found an outlet in "narrower circles and in private life", but the quite "rational" actions of oppressed people to preserve their lives with all their irrationalities. That their activities appear "irrational" to the ruling groups in society is due to the rulers' fear of losing control over the ruled. These "irrationalities" appear quite "rational" to new controllers, for it brings them to power. This transfer of power-positions from one group to another within the prevailing social structure neither increases or decreases, nor expresses such increase or decrease, of rationality or irrationality. Irrational it that group which loses power — not only "irrational" but "doomed". The only "rationality" there is for any ruling class or group is that which preserves its rule. The only "rationality" there is for the powerless is the "irrationality" which destroys the ruling "rationality".

As long as it is possible within a particular social pattern to satisfy the essential needs of the masses, the masses will acquiesce and their behavior will appear "rational". If the situation changes decisively, as it does in capitalism's long depressions, the ideologies bound to other situations lose their force. The enforced search for new ideas and activities that ensues leads to movements in opposition to the ruling rationality. If the ruling class entrusted with and interested in the maintenance of the existing social relations is unable for one or another reason to adapt its control measures to the new situation in time, it will be replaced by other groups striving for control and better able to adapt their methods to the new situation — by virtue of the fact that they are less hampered by vested interests and given to a greater flexibility. The "rationality" of the old ruling group is fought by the "irrationality" rationally employed by the new, which in turn, as soon as it is in power, makes the ideologies serving its purposes the ruling ones and the acquiescence in their rule the norm for rational behavior.

As long as the new rulers are able to remove some of the causes which previously disturbed the "social peace" or to transfer the social unrest to another setting by engaging in warfare or simply by creating during the interval between the expectations connected with the political change and the disappointment which may follow, a new control machinery able to force the masses into acquiescence, social "unity" is re-established. This in turn forces the masses to create on their part new methods of struggle and weapons for mass-pressure. This may take time. A period of social peace is granted to the new rulers. There arises a period in which the behavior of the masses appears once again quite "rational". It has not yet found out how to be "irrational" under the new situation.

The *Age of Reason* was based on the absence of "reason" in the economic sphere whose "unreasonable automatic" functioning has since been disturbed

by the capitalistic accumulation process, that is, by increased concentration, centralization and monopolization. It finds its end as soon as reason threatens to be applied in that sphere. However, there was in evidence less mass-pressure and thus less "irrationality" in Mannheim's sense, during capitalism's ascendancy than during its period of depression. But it was not mass-democracy, nor any kind of disproportion between technique and intellect, which led to a growing "irrationality" in capitalism. This historical form of society developed from a "rational" into an "irrational" dictatorship because of economic occurrences which led to mass movements and their exploitation by groups competing for power within the capitalistic production relations. Democracy was rational for the liberal bourgeoisie; fascism is rational for the fascists. From the point of view of a class-less society, both the "rational" liberalistic society and the "irrational" fascist society of which Mannheim speaks are equally rational as far as capitalism is concerned. Both are irrational as far as the hypothetical class-less society is concerned.

VII

To work with concepts such as social interdependence vs. fundamental democratization, substantial vs. functional rationality, etc. Mannheim needs a society in which other than economic and class forces are determinant. He must discover "transition belts" that lead over from one into another social structure, culture and psychology. Thus he must not only consider the "negative" but also the "positive" aspects in the present process of social disintegration. The new vigor of the masses, caused by the process of "fundamental democratization" and expressed in the "growing irrationality" may also be looked upon, he says, "as the first stage in a general process of enlightenment in which, for the first time, broad human groups are drawn into the field of political experiment and so gradually learn to understand the structure of political life" (199). Due to changes in the sphere of morality⁷ in the industrial society, a "superindividual group solidarity" develops which must be considered a positive element in the existing mass-society. "Our world", writes Mannheim, "is one of the large groups in which individuals who until now have been increasingly separated from one

7) Because there exists for Mannheim "a complete parallel between the factors making for the growth and collapse of rationality in the intellectual sphere and those making for the growth and collapse of morality" (66) we need not deal especially with the questions of morality raised in his book. With certain modifications — of little concern for our purpose — Mannheim uses again in the sphere of moral discipline the distinction between the functional and substantial points of view. "The functional aspect of a given type of moral discipline consists of those standards which, when realized in conduct, guarantee the smooth working of society. Substantial morality consists of certain concrete values, such as dictates of faith and different kinds of feelings, standards which may be completely irrational in quality. The more modern society is functionally rationalized the more it tends to neutralize substantial morality, or side-track it into the private sphere."

The dual-morality (moralistic in private life — violent in the public sphere), thus far the privilege of the ruling classes, may be adopted by the masses. "Once the

another are compelled to renounce their private interests and to subordinate themselves to the interests of the larger social units"(69). Capital is combined into large industrial organizations, workers learn solidarity in trade unions; and thus competition creates group unity. By this process, Mannheim thinks, man "realizes gradually that by resigning partial advantages, he helps to save the social and economic system and thereby also his own interests"(70). He learns to understand better the interdependence of events and develops a consciousness of the need for planning. Although till now "the individual thinks not in terms of the welfare of the community or mankind as a whole, but in terms of that of his own particular group, yet this whole process tends to train the individual to take a progressively longer view; it tends at the same time to inculcate in him the faculty of considered judgment and to fit him for sharing responsibility in planning the whole course of events in the society in which he moves"(70).

What Mannheim here describes as positive elements in the existing competitive mass society cannot, however, serve regulative principles. The labor organizations, for instance, which he introduces to illustrate his position were formed and controlled in accordance with capitalistic organization and control principles. They were themselves as little "democratic" as the "democracy" with which they were connected. They interfered successfully in the process of "fundamental democratization" and prevented a "mass-influx" into the political life. A new capitalistic institution, the labor bureaucracy, arose, which secured its existence by serving class society. The transformation of these organizations into fascistic control instruments is not a special case of the suppression of labor and democracy but part of the general transformation of the half-dictatorial into the full-dictatorial capitalist society. These organizations were not suppressed, or rather modified, because they contained positive elements in contradiction to fascist needs. In order to serve the fascist needs better, they were more closely integrated into the social life-process of fascistic society. What "positive" elements they had, here found their application. At that moment when — despite all capitalistic control techniques — the economic crisis and large-scale unemployment endangered the whole of capitalistic society, they were reformed together with all other capitalistic institutions and control techniques in order to cope with the new situation. At this moment, not because of a long process of "fundamental democratization", but through the suddenly arising and not so suddenly disappearing economic and political crisis there arose the pos-

acceptance of violence becomes the general principle of social morality, the fruits of long moral training in the sphere of labor and competition will be destroyed almost automatically"(72). The fruits so destroyed were results of the stage of "superindividual group solidarity" dealt with in the text above. In other words, morality collapses when the masses meet their rulers on their own ground and thus destroy the class-value of the dual-morality. They may become as immoral as their masters, and may even disregard the good work of their organizations which helped to maintain the dual-morality by strengthening the illusion that group solidarity is possible in the capitalistic world.

sibility of a democratization of society. Under conditions as they were and are a real democratic participation in the political life on the part of the broad masses is possible only in the form of rebellion against all rationality, mores, institutions, and labor organizations and all their "positive" elements as they exist in the prevailing society. To speak of mass-democracy is to speak of a proletarian revolution.

One cannot conclude from the existence of "group solidarity" that it prepares the masses for the planned society of the future. The opposite is true. What group solidarity there is only shows that the pseudo-democratic as well as the fascistic capitalist society progresses in accordance with its own rules in opposition to all forms of solidarity. A trend towards "fundamental democratization", if existing, would find expression in the development of class-consciousness. Capitalism's triumph over the proletariat comes to light precisely in the successes of labor organizations, gained by way of "group solidarity"; for these successes excluded the democratization of society and removed possible obstacles in the path leading to dictatorship. Behind the illusory democratic processes was hidden the actual trend of development which is now openly exposed in the fascistic dictatorships.

Just as the "group solidarity" of the formerly individualistically oriented capitalists served to destroy the "automatic" capitalist "solidarity" which was made possible by "market laws" as yet beyond effective control, so the growth of capitalist "group solidarity" finally led to the break-down of international "solidarity" by breaking down the open world-market. This, in turn, led to a situation wherein capitalistic solidarity can find expression only in world-wide wars involving the destruction of ever-greater capitalistic "groups combined in solidarity" to serve the "group solidarity" of still stronger groups. The "group solidarity" of the workers, too, has led straight into the fascistic solidarity of the murderous front-fighter collectives and has destroyed for some time to come the basis on which proletarian solidarity could assert itself — the class basis. By hindering the development of class solidarity, "group solidarity" has not diminished but increased the general atomization of society. There is as little "solidarity" within each "group" as there is between the different social groups. There is as little sacrifice of individual desires in the interests of the whole in each group as there is folk-unity or world-community. The existence of an apparent "group solidarity" clouds the fact that it has come into being in order to intensify the struggle of all against all. The "solidarity" that is within each group is a "solidarity" of force and fear. The final meaning of this solidarity finds dramatic expression from time to time in wholesale murders and political purges in the interest of the "group". Thus the destruction of "group solidarity" is the first prerequisite for a possible class solidarity. The destruction of class solidarity, in turn, is the first prerequisite for a possible human solidarity. There is, then, nothing in Mannheim's "group solidarity" which reaches beyond the present and into the future, or acts as a sort of intellectual and moral training ground in preparation for things to come.

VIII

Mannheim ideas on how to plan society are based on those advanced in his interpretation of the collapse of the liberalistic social structure. If social interdependence and fundamental democratization create irrationality and the latter, on account of outworn social techniques cannot be integrated into the changing social structure, *new control techniques* have to be found which fit into the arising new structure and either transform the existing irrationality into a useful enthusiasm or free it of its dangerous character through sublimations. For Mannheim the question of reconstruction is a twofold one: not only society but man himself must be changed. Thought at the level of planning is different from that of the liberalistic age. Mannheim distinguishes between three historical stages of human thought and conduct: chance discovery, invention, and planning. There exists no sharp dividing line between the different stages, nor, at present, between the stages of invention and planning. They may very well co-exist as long as one dominates. If planning becomes predominant, however, the tension between old theories and new practice press towards solution.

The solution consists in furthering the "positive" aspects to be found in the process of fundamental democratization. The results of this latter process, Mannheim thinks, can be put to at least two different uses. Thus our future depends on what the "users" do; they may further the negative side of the democratization process by making the ensuing irrationality still more irrational, or they may turn this irrationality by way of intelligent and highly moral actions into directions which increase rationality and — in the long run — even improve the intellectual and moral level of the masses.

For Mannheim the remaking of man and society is planning for freedom. Dictatorship, he says, is not the same as planning. "A correct scheme for the planning of culture, which would plan everything in the sense of the totalitarian states, would also have to plan the place of criticism" (109). "Who plans the planners?", he asks. "The longer I reflect upon this question, the more it haunts me" (74). This question is asked today by most of the "anti-fascists", though not all of them are haunted by it. So far, however, it has always been answered in a fascistic manner. Let us look at Mannheim's attempt to solve the difficulty. He says that, "a new approach to history will be achieved when we are able to translate the main structural changes in terms of a displacement of the former systems of control" (269). As far as the control of the controllers is concerned, however, the former system seems to him to be quite adequate, for the new control techniques refer only to the broad masses, not to the elites. The control over the latter is to be secured by incorporating into the planned structure parliamentary democracy, if necessary without the nuisance of the "plebiscite which has lost its original function and no longer appeals to individuals living in concrete groups... but is addressed to members of an indefinite and emotional mass" (357).

The mass will not have any kind of direct control. A special set of controllers may be necessary. "It is very probable that a planned society will provide certain forms of closed social groups similar to our clubs, advisory commissions or even sects, in which absolutely free discussion may take place without being exposed to premature and unsatisfactory criticism by the broader public... it must be constitutionally provided that any advice or suggestions coming from these exclusive closed groups would really reach and have an appropriate influence on the government... Admission to those 'secret societies' or 'orders' would have to be on a democratic basis and they would remain in close and living contact with the masses and their situations and needs"(111). This, however, looks like little more than a sort of glorified GESTAPO or OGPU — organizations which also, quite democratically, select the "best from all layers of society, discuss the most subversive ideas behind closed doors, instruct the government as to what it must do in order to remain the government, and have their spies in such close contact with the masses that each member of the masses is secretly suspected of belonging to the secret order.

To be sure, Mannheim has something quite different in mind. But so long as class relations and economic exploitation prevails, all such plans in practice will turn out as if they had been concocted by Heinrich Himmler. However, Mannheim is not too reluctant to learn from the fascists. Democracy", he says, "ought to instruct its citizens "in its own values instead of feebly waiting until its system is wrecked by private armies from within. Tolerance does not mean tolerating the intolerant"(353). But democracy was not wrecked by private armies. Something else took place: the capitalistic exploitation-system changed both economically and politically from democracy to dictatorship. Because no one was intolerant enough to do away with the capitalist structure, class rule and the wage system which feeds it were prolonged in a new form. Property and power changed hands. It has, so far, always changed hands by the two methods of economic competition and military force, with military force lately becoming dominant. Furthermore, the "values" of democracy cannot safeguard democracy. "To safeguard democracy" can mean nothing more than to safeguard those people who, under conditions democratic for them, hold property. To keep their power they have to be intolerant in dealing with other intolerants who thirst to take their place. Thus, when Mannheim says, "there is nothing in the nature of planning or of democratic machinery which makes them inconsistent with each other"(339), what he really says is that those who today in the democracies control property and government need not lose it if only they are willing to defend it with the same vigor and with the same methods that the fascists employ. In this sense it is true that "society can be planned in the form of a hierarchy as well as in the form of democracy" (364) i. e., of a democracy for the controllers as described above. The difference between both forms would be a purely aesthetic one, the choice between a bourgeoisie in mufti and a bourgeoisie in uniform.

Intolerance in a good cause is excusable. There is hope, Mannheim thinks, that "the Western democracies at their present stage of development

are gradually transforming the liberal conception of government into a social one" ..that these states are ...“changing into social service states”(336). Moreover, “the power of the state is bound to increase until the state becomes nearly identical with society”. What Mannheim could say is that the state becomes nearly identical with the property and power institutions of society; for, unfortunately, the state cannot become identical with society. In that case it would no longer exist — there would then be only society. By equating state and society Mannheim continues to deal with mistaken identities. He sees, for instance, in the growth of social insurance not proof of an actually increasing social insecurity, but a “tremendous advance toward the positive conception of the state”(336). He is even willing to embrace institutions of the kind of Goebbel’s *Kraft Durch Freude*, since “we seem to have the choice simply between commercialized or state-controlled leisure”(337).

For Mannheim “the only way in which a planned society differs from that of the nineteenth century is that more and more spheres of social life, and ultimately each and all of them, are subjected to state control”. Just the same, democracy need not be lost, for “if a few controls can be held in check by parliamentary sovereignty, so can many”(340). Though central control is more than ever necessary, in a democratic state “sovereignty can be boundlessly strengthened by plenary powers without renouncing democratic control” (341). Mannheim, the optimist, however, is always shadowed by Mannheim the pessimist. Though at first the class issues were no longer for him the decisive ones, he comes to the conclusion, after further reflection on the possibilities of a planning for freedom, that “planning based on the inequality of classes or estates probably cannot last long because those inequalities will create so great a tension in society that it will be impossible to establish even that minimum of tacit consent which is the *conditio sine qua non* of the functioning of a system”(364). Finally, and in contradiction to his previous contention that the good in both the old and the new must be merged, he says that “from the wreckage of liberalism nothing can be saved but its values, among others, the belief in a free personality”(364) which, as we know from history, has been the belief in the right to buy and sell labor power freely. Again, he feels that even this may not be salvaged because “the type of freedom which is possible in one society cannot be reasonably demanded in another, which may have other forms of freedom at its command”(370).

IX

The freedom of liberalism, that is, the freedom of the invention stage cannot be applied to the planning stage. This freedom was highly illusory anyhow. “It has been rightly pointed out”, Mannheim says, “that the ‘liberties’ of liberal capitalist society are often only available to the rich, and that the ‘have-nots’ are forced to submit to the pressure of circumstances” (377). Though at one place he has stated that “one of the reasons for the disorganization in the free system of industrial economy was that an

absolute freedom of consumer's choice made it difficult to co-ordinate production and consumption" (315), now, on second thought, he admits that the "greater part of the population has never had this freedom of choice and has been forced by poverty to buy standardized goods" (348). Thus the greater part of the population is well prepared for the new freedom of planning. It really cannot make the unhappy mistake of applying to one stage of development the concept of freedom of another.

Though this happy situation makes the functions of the controllers of society relatively easy, it must not be overlooked that "the planning approach outruns the immediate actions of the individual even more than in liberal society where separate individual ends were pursued. The tensions between individual actions and thinking become greater than ever before" (212). But the sun breaks through again, because now "we have reached a stage where we can imagine how to plan the best possible human types by deliberately re-organizing the various groups of social factors" (222). It will be psychology's job to "discover key positions in the sphere of structural sociology, when certain kinds of behavior can be predicted or produced with a high degree of accuracy... It will seek for laws which turn aside the aggressive impulses and guide them towards sublimation". (202). Planning is finally the rational mastery of the irrational.

There are direct and indirect methods of influencing human behavior. Indirect influences work from afar. Thus the "individual might have an illusion of freedom, and indeed he does in fact make his own adjustment. But from the sociological point of view the possible solutions are more or less determined in advance by social control of the situation" (275). Expectations, wishes, rewards fall under this control and must be planned. Appreciatively Mannheim quotes F. Knight's observation that "even our interest in food is largely a matter of social standards rather than biological needs" (282), and that we have to distinguish between conditions when food and housing carry social prestige, and when the desire for prestige can be satisfied by badges and titles⁸. In other respects, too, Mannheim hopes that "a society in which profit is not the only criterion of economic production will prefer to work by methods which, though less effective from a point of view of output, give the workers more psychological satisfaction" (266). But even then conflicts are bound to develop, making necessary "professions whose principal task is to study the technique of adjusting conflicts" (302), and to develop the technique of arbitration into a science.

Planning for freedom gives the elite the freedom to plan and the planned the freedom to accept it. The masses must learn once more that whatever is, is right. Just as during the *Age of Reason* their submission to the actual and ideological rule of the capitalist class spelled social peace and co-operation, so now in the planned society cooperation and peace are established

8) This is Veblen carried to the extreme; the psychology of the petty-bourgeoisie is generalized. It seems odd, however, that generally those who have sufficient food and good housing have also the badges and titles.

by submission to the rulings of the planners. In order cheerfully to accept situations created for them, the masses have only to understand that the powers of the elite are really necessary for their welfare. Just as before they were convinced that without the capitalists society could not exist, so now they must recognize in the elite an unavoidable requirement for the social life-process. To overcome the feeling and the fact of oppression it is only necessary to begin to like it. At a later stage the masses themselves may again be consulted, the plebiscite may possibly be re-introduced. With the proper elite at the helm, with economic life fairly well planned, with new progress made, new social problems and those that remain may then be solved with the help of a truly sociological psychology.

It is true that freedom in an abstract sense can never be realized. Marx for instance, pointed out⁹ that freedom in socialism "cannot consist of anything else but of the fact that socialized man, the associated producers, regulate their interchange with nature rationally, bring it under their common control, instead of being ruled by it as by some blind power; that they accomplish their task with the least expenditure of energy and under conditions most adequate to their human nature and most worthy of it". For Mannheim the "realm of necessity" to which according to Marx all freedom in the working society is subjected, includes, besides nature, a "second nature" restricting the scope of freedom still further. "Technique", he says, "while freeing us from the tyranny of nature, gives rise to two new forms of dependence. All progress in technique is bound up with additional social organization" (373). Thus "freedom in man's direct struggle with nature is something entirely different from freedom in his struggle with "second nature", that is, a "nature" characterized at this stage of development by the lack of power "both theoretically and practically to master the cumulative effect of mass psychology or of the trade cycle, or of maladjusted institutions" (375). It is true that this "second nature", caused not by the development of technique as Mannheim puts it, but by a socio-economic and technical development of the class society, must be mastered first to allow for a greater mastery over nature. The class struggle, by releasing productive forces unable to be developed under capitalistic conditions, is for Marx the pre-requisite for a greater freedom. But for Mannheim "second nature" takes on such a rigidity and persistency that the "realm of necessity", which determines the possible freedoms, becomes so enlarged that by comparison with it even a mere reorganization of the existing system of exploitation and the development of additional control techniques for the sake of social peace in spite of class relations looks like a new set of liberties accompanying the never-ending struggle of mankind for further progress.

X

"Liberties" within Mannheim's "realm of necessity" demand a variety of compulsions. Planning has to take this into consideration and becomes at once both planning for and against the planned. The planners find them-

9) *Capital*; Vol. III., p. 954.

selves at all times opposed to those groups that attempt to take their place. The ruling elite, to remain such and to maintain the ability to "plan for society", is forced to continue the concentration process initiated by capitalist accumulation. But, as Mannheim has noticed before, "society is in its very nature based on an increasing internal differentiation, so that its lesser units cannot all be controlled by the central body"(49). The ruling elite however, can counteract the increasing inaccessibility to control only by way of still further centralization. Thus the more planning there is, the more difficult it becomes to assure the control of the planned. Finally, planning which started as an attempt to solve social problems, reduces itself to a planning of ways and means of keeping the ruling elite in power at whatever cost to society.

The control over the ruled is in need of continuous improvements as planning proceeds. The fear of the planners grows as the complexities of social life under modern conditions contradict in increasing measure the planners' narrowing schemes. The whole hierarchy of systems of control as employed in fascist states is inherently insecure. The permanent terror exercised wherever this system rules betrays its insecurity. It is, in addition, uneconomical and much too rigid to satisfy the real needs of modern processes of production and distribution. It destroys initiative and adaptability and necessitates further organizational improvements which become obsolete as soon as introduced. The accumulation of capital changes into the accumulation of organizations. The latter, instead of raising the productivity and satisfying social needs, become a source for new social insecurities and a hindrance to the unfolding of production.

The weapon of terror and psychological control can, it is true, be successfully employed only if the "baser needs" of the masses can also be somehow taken care of. But what are these "baser needs"? Endurance is the most remarkable quality of human beings. It nevertheless defies calculation. It is not possible to say when, where, and how endurance ends. Thus a great variety of control techniques must be simultaneously engaged to cope with every possibility that may arise. Any kind of independence which does not serve the ruling class must be prevented. The psychological control must be all-embracing. It can be more embracing than some other control techniques, which may be in need of leniencies in order not to lose their usefulness. Thus the vogue of psychology must be understood in connection with the transformation of the liberal into the totalitarian society.

Totalitarian institutions like the Catholic Church always extensively employed psychological methods of control. We may also recall here that the philosopher of the super-man believed quite consistently that "psychology shall once more be recognized as the queen of the sciences, for whose service and equipment the other sciences exist".¹⁰⁾ It is no wonder that the "anti-fascists" of today point with great excitement to the fascist application of psychology (all schools included) and ask for similar weapons in order to

10) *Beyond Good and Evil. The Philosophy of Nietzsche. Modern Library Edition*, p. 27.

defeat fascism.¹¹⁾ For all theoreticians who want to solve social problems independent of the class nature of present-day society, psychology becomes of the greatest importance.¹²⁾ However, all political activity becomes thereby a sort of gigantic hog-calling contest and the successful leaders must be celebrated as great animal-trainers.

Because present-day social struggles seem to Mannheim to be no more than the competitive fight between party-organizations and industrialists for the control of labor, the importance he gives to psychology, both in its present crude form and as a promising control and planning instrument of the future, becomes quite plausible. On our part there is no need to deny the present importance and the future possibilities of psychology for purposes of propaganda and control. We do not need, however, to bother about the psychological problems involved in Mannheim's question as to how the controllers can be controlled and the planners planned. If we replace these questions that are based on the unwarranted assumptions that the division of society into rulers and ruled is unalterable by an investigation of the practical measures by which the planned could become the planners and the controlled abolish control, the emphasis shifts back from the psychological to the economic and class aspects of the problem, that is, to inquiries and actions concerned with altering social relationships in the sphere of production. Marxism's overwhelming interest in the more objective aspects of the social processes has not only methodological reasons, but is also explained by its revolutionary character. After a thorough economic analysis of the capitalistic structure and its mechanisms, it becomes inconceivable that any real solution short of the abolition of society's class structure can be found for the problems that beset the working class. Consistent Marxists have thus always steered clear of "scientific" sociology as it has been developed by an optimistic bourgeoisie who thought that their own forgotten revolution had solved once and for all the problems of society.

Bourgeois sociology, now that the capitalist concentration process which destroyed the particular brand of optimism connected with the market-regulated economy is completed, is slowly transformed into a kind of pseudo-scientific psychology for the defense of the ruling class. This change of function is camouflaged by ideas such as that of the "multi-dimensional" character of the social life process. This apparent widening of the field of sociological theory is, however, mainly of a verbal nature. As G. von Gontard has said, the psychologists "have created in their minds a cosmos in itself which cannot be attacked because its integrity is guarded by terminological precautions".¹³⁾ The cosmos is decoration. In so far as sociology and psychology are put to use they serve the very narrow function of supplementing the various instruments needed to perpetuate the existing conditions of exploitation.

11) For example: S. Chakotin, *THE RAPE OF THE MASSES*. New York 1940.

12) The marginal utility theory in economics is here another example.

13) *In Defense of Love*. New York, 1940, p. 292.

The applicability of social psychology, furthermore, is closely bound up with the material apparatus, or, rather, with the people who control the apparatus which distributes the ideological requirements for the coordination of individual wills. To control and influence individual minds, the press, school, church, cinema and radio must be controlled. Effective psychological control presupposes that the control instruments are securely in the hands of the controllers. And so they are, which means that psychological control remains the exclusive weapon of the ruling class unless it is overthrown with weapons stronger than theirs, with weapons and methods not given to the control of the controllers. The possibility, previously open to different capitalistic groups and political movements, to employ to a greater or lesser extent the usual propaganda means disappeared in the totalitarian state. If the revolutionist continues to think that the whole question of social change is one of opposing one ideology with another and that the only medium for social transformation is the displacement of one set of rulers by another, he certainly must despair. The present stage of development demonstrates with utmost clarity that the ways and means of gaining political influence and control within bourgeois democracy have definitely ceased to exist. All that is left to such people, still thought of as "revolutionists", is to demand, in so far as they are still able to voice their opinions, that the present rulership of the still "democratic" nations itself carry through the needed social revolution.¹⁴⁾

"The only way in which dictatorial solutions to social crisis can be permanently successful", Mannheim writes, "is by centralizing the control of individual wills. The real problem, however, is to know how far these attempts are counteracted by the conditions of life in modern industrial society"(46). Unfortunately, though consistent with his own point of view, Mannheim concerned himself more with the "centralized control of individual wills" than with the "conditions of life" which may counteract its effect. Conditions of life in modern society have now created, however, a situation where economic and political issues demonstrate their primacy and their outstanding importance daily with the utmost, with almost unbearable, clarity. What was on the part of Marx a revelation of things-to-come is now naked reality. There is no longer in evidence that bewildering variety of groups and interests which beclouded the essentially two-class character of capitalist society. There exists now just one organization, one class, one group — the totalitarian state as the controller and therewith the owner of all that spells power in society. There is, on the other side, all the rest of the population subjected to this totalitarian rule. It is true that this whole mass is still artificially divided through ideological distinctions and is still actually split by the continued competition for better positions not yet brought to a close by total conscription of all labor. It is a powerless, will-less mass, absolutely at the mercy of the ruling elite. There is also the new world-war, still in its beginnings, able only to further complicate the unsolv-

14) See, for example, H. J. Laski's new book "Where Do We GO From Here?", which pleads for a SOCIAL REVOLUTION BY CONSENT! The consent, naturally, is to be given by the ruling classes, to whose reason and magnanimity Laski appeals.

able problem of squaring the class-nature of society with the real needs of the majority of mankind.

The fact of the existence of the proletariat as the largest class in industrial society,¹⁵⁾ the fact of the complete monopolization and centralization of all power centers excludes — at this time — any class struggles of a directly revolutionary character. There seems to be only the imperialist war, covered up by all sorts of phrases. But within the setting of this war there is developing, already incorporated, and being unconsciously fought the civil war against the classes in power. This civil war within the imperialistic war will become the more dominating the further the disruption of all social life proceeds with the further unfolding and extension of the present world conflagration. It will finally become the sole content of the present struggle, for it has incorporated in itself the only solution which is able to end the struggle and abolish its causes. If it becomes the only social reality it will leave far behind all illusory goals of yesterday and today.

The continuation of class-rule and exploitation means death and hunger. There are at present no real problems in the world except ending this murderous situation. Both death and hunger demand their human toll because classes, leaders, elites, privileged groups defend their narrow interests against the urgent need to socialize society, that is, to remove its class structure. Death and hunger may spread for a considerable time; within limits their miseries can be compensated for by terror and propaganda. Within limits the anger and bewilderment they cause may be canalized and utilized for one or another national interest behind which lingers no more than the class interests of the ruling bodies of different states. Essentially, however, death and hunger are more determining and more forceful than all ideological issues and all control instruments, however cleverly devised.

There is not the slightest reason to assume that this war will or can be kept within the borders desired by the centralized bodies waging it. Rather, the spreading of the war seems to be a certainty. Thus there comes in view once more and on a much greater scale than during the last world war, a situation which offers the powerless the opportunity — provided as they are with weapons, thanks to the contradictory and self-defeating class necessities of the ruling elites — to use their new powerful positions for pursuing the narrowest of interests — that of preserving their very lives and of satisfying their hunger. They will proceed, as they have to, undisturbed by the multi-dimensional nature of the social processes and they will serve their purposes without regard to "society as a whole", that is, without regard for the interests of the fascist and semi-fascist elites. What Mannheim attempts to do only symbolically, they must accomplish actually.

Paul Mattick

15) This fact is often denied with the argument that — numerically — the proletarian class loses importance in relation to the more rapidly growing, so-called new middle-class of white-collar workers. This argument is nonsensical, for the bulk of the white collar workers are proletarians. They do not need to be "proletarianized" as is often suggested. Their present ideological idiosyncrasies are no formidable force which could effectively interfere with the fundamental trend of society to impoverish and to suppress all layers of the laboring population and thus to force them into a uniform class-frame.

BOOK REVIEWS

TOWARD FULL USE OF RESOURCES

Part II of the report on *The Structure of American Economy*, published under the sub-title *Toward Full Use of Resources* by the National Resources Planning Board in June, 1940,¹⁾ does not add much to the picture that emerged from Part I ("Basic Characteristics"), published a year before.²⁾ There is, however, this difference: the new volume breaks entirely with that artificial restriction which the authors of the first volume had set for themselves when they proposed to deal with the "structure" of the economic system only, apart from its actual operation. This time a freer approach has been chosen.

The very form of presentation has been changed. While the first part was a heavy treatise with statistical appendices, the second part is a symposium. It includes, in addition to a new contribution by Gardner C. Means, four independent documents contributed by persons who had not even participated in the preparation of the first.

Full employment of resources and man-power, the American economy's dominant problem before National Defense became the dominant economic problem and full employment became instrumental to this end, is boldly attacked from the point of view of both economic structure and operating policies.

G. C. Means' contribution to this wider problem, just like his analysis of structure in Part I, has this outstanding value: that he insists on the decisive change brought about in capitalist economy during the last fifty to a hundred years through the emergence of *The Corporate Community* from what had been, or had been supposed to be, a free competitive system of independent enterprises (if not of independent "individuals"), or an economic system exclusively re-

gulated by the mechanism of the market.

He reveals the surprising fact that the economic literature of the nineteenth and early twentieth centuries, replete with expositions of the rational underlying the then prevailing system of market production, does not answer the simple question of "Just how is the market mechanism expected to insure reasonably full employment?" The economists either assumed full employment (just as they assumed full utilization of all available resources) or dealt with the problem only implicitly in their analysis of such other adjustment mechanisms as the balance of trade and the balance between savings and investments. There is no stronger indictment of the thoughtless assumptions of the nineteenth century economists and their present-day followers than the "employment adjustment mechanism underlying those earlier theories as it is here exposed to our postmortem inspection.³⁾ There is a complicated chain by which a given measure of "excessive" unemployment is supposed to be immediately equivalent to a corresponding deficiency of current buying. It thus "almost at once" brings about a corresponding reduction of prices, wages, and profits which in turn, at once and to the same extent, increases the real buying power of the outstanding money supply (the "redundant money") and thus provides buying in excess of current production, and thus additional employment until the "excessive" unemployment is completely eliminated. (One sees, incidentally, that Marx's criticism of the so-called "compensation-theory" did not attack the weakest but rather a comparatively more reasonable argument of the bourgeois employment-theory of his time!)

Yet it would be a mistake to assume that the ingenuous criticism of the fallacies of the early bourgeois economists, objectively contained in Mr. Means' reconstruction of their theories, is in any way aimed at the whole of the underlying economic system. He directs his attack ex-

1) For sale by the Superintendent of Documents. Washington, D. C., 48 pp.; 15c. All subsequent references, unless otherwise marked, are to this report.

2) For a review of this see *Living Marxism*, V. 3; pp. 38 ff.

3) pp. 13-14.

clusively against that small die-hard group of American business men who assumedly believe that those crude "adjustment-mechanisms" are still valid today or could be made workable again by a return to the more primitive conditions of the past. He thus battles an imaginary opponent. He mistakes for a genuine and political theory what is in fact only a set of stock phrases and ideologies used for practical purposes by a particularly reckless school of "democratic" defenders of the existing capitalist system.

In this private feud against a non-existing danger he does not mince words. He shows the tremendous losses and risks implied in the attempt to effect those "minimum changes" in the existing economic structure that would allow the employment adjustment mechanism to operate effectively again. The "minimum changes" would involve not only a gigantic objective revolution (including the break-up of large enterprises, and general atomization of economic activity), but would inevitably lead to a tremendous "economic turmoil, and risk of social disruption and the loss of democratic institutions."⁴⁾ Thus it appears that he still believes in the essential validity of those same "adjustment mechanisms" which a short time before he apparently endeavored to refute. He knows that they no longer fulfill their task in a corporate economy under conditions of short-run insensitivity of prices, wages, profits and interest rates, but he will be quite content if he succeeds in devising a means by which essentially the same end could be reached today under the monopolistically changed conditions of the existing capitalist system. Yet he wants to reach it without those tremendous losses and risks of which he is afraid, most of all without the risk of a social revolution. In his own terms, he is out to find a new set of "adjustment mechanisms" which would "not depend for their effective operation on short-run sensitivity in goods-prices, wage rates, unit-profits, and interest rates, and would be able to perform the functions formerly assigned to the mechanisms discussed above."⁵⁾

His idea of economic "planning" as indeed that of all hitherto emerging promoters of either a "demo-

cratic" or an outright fascist type of planning — aims at nothing but an essentially unchanged replacement of the "mechanisms" that assumedly were operating in an earlier "competitive" phase, but are no longer (satisfactorily) operating in the new monopolistic phase of capitalistic economy. The "invisible hand" that supposedly rescued early capitalist economy from the extravagances of its individual members is to be replaced by a more visible hand which, in spite of pious declarations to the contrary, will turn out to be the hand of a totalitarian dictator. It will not really "adjust" the glaring contradictions of capitalist economy any more than was done by the "adjustment mechanisms" of the market in earlier phases of capitalist economy. It will preserve, for the time being, the fundamentals of capitalist privilege and oppression and thus fulfill the only function that was carried out by the so-called adjustment mechanisms of competitive capitalism.

A much more vital and vigorous attempt to come to grips with the main economic and social problems of our time than that made by G. C. Means, or, for that matter, by any of the other contributors, is contained in the last paper of the symposium. The clear and consistent analysis of *Economic Policy and the Structure of the American Economy*, contributed by Mordecai Ezekiel,⁶⁾ presents, even to the socialist opponent, a highly suggestive statement of the program of a genuine democratic activism. First of all the author leaves no doubt about the limitations inherent in a scheme that proposed to solve the problems of unemployment and full use of resources within a democratic, i. e., an essentially capitalistic economy. He carefully distinguishes this program from "more extreme forms of organizing economic activity, such as the full socialism of the USSR, or such as the various degrees of centralized government control in fascist Italy and Germany." Even utility regulation as illustrated by the public regulation of the railroads, telephone and telegraph, and electricity in this country has "so emphasized the protection of owners of the property" that some-

4) p. 16.

5) p. 16.

6) pp. 35 ff.

times "public regulation actually is operated in the interest of the utility rather than in the interest of general welfare." This, according to the author, represents "a problem in the working of democracy" and should therefore be avoided in a truly democratic program, which should rather be based on "a maximum of program-making from the bottom up instead of from the top down." (One sees that the author is far removed from that crude glorification of State capitalism which until recently was, and occasionally still is, indulged in by many professed socialists and communists.)

The main interest of Mr. Ezekiel's contribution does not consist in the various "possible lines of action" which he discusses in his paper and which, of course, go nowhere beyond the well-known proposals of the most radical wing of the New Dealers. What is of the greatest interest, even for the most "advanced" Marxist reader, is the genuine materialist connection that exists throughout between his theoretical criticism of the basic restrictive influences inherent in the existing corporate price-policies on the one hand and his practical proposals for reform on the other. By a consistent argument with illustrations taken from the steel, building, lumber, cement, glass and plumbing fixtures industries, he reveals the present form of one of the most important contradictions of capitalist economy. A lowering of prices for the purpose of an increased volume of production, he shows, can be advantageous for the whole of a particular industry (or for all industries participating in producing a particular end-product, or for a still larger number of industries) and at the same time be distinctly disadvantageous for each of the involved industry (or industries). Vice versa, "it can seem to each of many individual elements in the economy that it is to its advantage to reduce output and gain a larger net income, yet at the same time it is obviously impossible for real national income to increase through reducing the output of all component industries."⁷⁾ The reason in both cases is that "elasticity of demand" for a particular end-product or a number of such end-products does not necessarily, or even normally, cause a proportionate increase in the volume of sales for the

single participating units. For example, the increased demand for automobiles due to a 10% reduction in the price of steel would give rise to an increased consumption of steel of but 1.5%.

From this "contradiction" arise a great number of restrictive influences on the expansion and development of production. Even if only a small portion of the economy or a single industry is in a position to restrict its output by a high-price policy, this may be sufficient to hold employment and national income far below the potentially attainable levels.

To sum up: "The fundamental economic weakness in the operations of the monopolistic or monopolistically competitive corporate structure, as it now stands, lies in the inability of management in any one industry, whether private or public (! K.K.), to view its problem in the light of national economy as a whole. As a consequence, actions which would be to the advantage both of the single industry and of the general welfare cannot be considered at all, because there is no effective means through which the industry could bring them into effect... If some means could be devised to bring about concerted expansion of all industries involved, so that all would simultaneously reduce their prices in proportion to the saving in unit costs which increased volume would yield, the final sale price would be reduced sufficiently to produce an increased volume of output and all the industries participating could gain from the result."⁸⁾

From this theoretical analysis it follows at once that the fundamental restrictive forces of production under conditions of monopoly capitalism (private and public) can be overcome, and can only be overcome, by an either voluntary or publicly enforced cooperation of all involved industries in a smaller or larger program of concerted expansion. The various forms of the execution of this proposal and their connection with other measures must be studied in the Report itself.

There is one flaw in all these intelligently devised and far-reaching "plans". The Report itself contains the warning for the reader that its

7) p. 36

8) p. 42

material "was prepared prior to developments of the emergency defense program, and of course does not attempt to deal with the special economic problems arising out of that emergency." Indeed, there is no way of knowing how even the most thoughtful and most honest plans of the last remaining representatives of a genuine "democratic activism" can

ever be fulfilled under the conditions of present-day high-pressure capitalism in general and in particular under the conditions of the imminent world-wide fight for supremacy between the forces of so-called democracy and the forces of European and Asiatic fascism.

Karl Korsch

CLASS AND AMERICAN SOCIOLOGY. From Ward to Ross. By Charles Hunt Page. The Dial Press, New York. (319 pp.; \$3.50).

The publisher's blurb on Mr. Page's book quotes Professor R. M. Mac-Iver as saying that its "treatment of social classes by American sociologists throws much light on the social attitudes of sociologists". This is about all the book does. But this is certainly not the author's fault. Mr. Page's book is very interesting and can be highly recommended. That sociology may be regarded as little more than the psychology of sociologists fits in with the social class structure which excludes a science of society. The book is valuable also because it serves to show the impossibility of developing a sociology. Though it deals with the "fathers" of sociology (L. F. Ward, W. G. Sumner, A. W. Small, F. H. Giddings, C. H. Cooley, E. A. Ross) it proves, if their work is compared with the most of the modern sociologists, that the children have learned nothing that their fathers did not know. In short, this reveals the stagnation which marks all social science under capitalism.

That the question of class has been neglected in sociological theory shows not only the petty-bourgeois character of professional sociologists, but also the actual lack of class-consciousness on the part of the workers. That the class issue could enter social theory at all is connected with the fact that the middle-class was at times opposed to the rising plutocracy and thus appeared as the defender of proletarian "rights". At no time, however, have sociological theories furthered the independent actual struggles of the working class. In so far as sociology fulfilled a function in society, that function was to serve the ideology which identified social control with class control. Despite the great extremes of wealth and poverty, America remained, in

the minds of its social theoreticians, the land of the petty-bourgeoisie. The changing conditions in America at the turn of the century and the influence of European theories led to a "radicalization" of intellectuals interested in social questions. But even in their new advances they remained middle-class, as may be seen from the works of Veblen, Dewey, Beard and others, and from the sociologists who shared their progressive views.

American sociology was the more impractical the more it was "American", that is, the more it strove for application. The social reforms sociologists advocated were introduced in America later than in other developed nations, and then not as reforms to better society but as instruments to maintain a declining order. Ward, for instance, was not interested in advocating the better distribution of wealth. He saw in the distribution of knowledge the first essential to social betterment. If he were living today, he would see that the greater distribution of knowledge only increased the social inequalities as regards the distribution of wealth, as well as the distribution of opportunities. Because of class conditions the growth of knowledge can only serve the growth of profits. If he hoped for an ideal government which would truly represent society and not just the groups favored by the laissez-faire system, he would now find his ideal realized in fascism. He could object to it only by belatedly recognizing the class issues that he thought of so little importance.

Sumner, however, though also middle-class to the core, had a much deeper insight into the real social issues than any other of his colleagues. In his analysis of society he often reached conclusions which remind one of Marx. But monopoly, privilege,

wars, class, are for him forces outside of human control. They must be accepted because only by struggle can progress be made. He himself took the side of capitalism in this struggle determined by the nature of things. Sumner and Ward, Mr. Page observes, have concerned themselves with class issues to a greater extent than any of their contemporaries. They certainly concerned themselves with these issues more than the other sociologists described by Page, who either openly opposed the working class, or suggested solutions for social questions which in the end would have been worse than the open

struggle a Sumner was willing to wage. They accepted either one or the other or both positions at the same time; they were not able to contribute one original element to the discussions that preceded them. Page himself has a much too positive approach to American sociology. It may be politeness on his part which makes him say that its traditions should be carried on for the benefit of contemporary research. To us, however, it seems that his book reveals that the traditions of sociology, too, hang like millstones around the neck of those interested in social problems.

THE WORLD OF NATIONS. A Study of the National Implications in the Work of Karl Marx. By Solomon F. Bloom. Columbia University Press, New York. (225 pp.; \$2.50).

This book places Marx's position on national issues against the whole background of his thought and activity. In turn, Marx's general social and economic philosophy is examined from the point of view of its bearing upon the fortunes of particular nations, especially England, France, Germany and the United States. It is thus an important contribution towards an understanding of the political ideas of the 19th century. It will help to disperse the many misrepresentations of Marxian theories with regard to national problems. Agreeing with Mr. Bloom almost completely and hoping that our readers will turn to the book itself, we can restrict ourselves here to a few remarks which may indicate the richness of the work.

For Marx, nationality was an objective condition, a complex product and function of environmental, economic, historical and other influences. Intellectual and cultural variations between nations he traced to socio-economic and historical differences between countries. The world remained for Marx richly variegated; he did not pour it all into one mold. Along with the too-small society, he rejected the vague and amorphous global society. His world consisted of a limited number of advanced nations.

Marx was no nationalist, but for him a true internationalist must strive

for the advance of particular countries as the basis of world progress. Bloom makes it clear that Marx, contrary to some of his followers, did not believe in the principle of self-determination of nations. National independence had meaning for Marx only for nations, or combinations of nations, which were in a position to develop modern economics. He related all questions of national emancipation to the interests of international program. Though he knew the imperialists for what they were, he recognized that imperialism revolutionized backward countries and stagnating societies.

Though often denying small nations the right of separate statehood, Marx was always in favor of the complete emancipation of all national minorities from civil, social, and economic restrictions. He distinguished clearly between nation and state. All national questions were bound up with class issues. All forms of oppression were interconnected and had their basis in class exploitation. So long as society was divided into classes, national interests coincided with the interest of the class that furthered most of the economic development; the character of the nation was closely related to the character of the ruling class. Only with the end of class oppositions within the nations will it be possible to end the rivalries between the nations.

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WAR AND REVOLUTION

The relation of war to revolution has become one of the most important problems of our epoch. It has become, furthermore, one of the most bewildering problems of a time in which former non-interventionists have become interventionists, pacifists clamor for war, National Socialism craves Empire and Peace, and Communist apostles of the revolutionary class war meekly renounce all use of violence as an instrument of national and international policy.

While it would be an utterly meaningless proposition to deal with the questions of war and peace in general, a careful historical investigation shows that war as we know it today has been implicit in present day bourgeois society from its earliest beginnings in the 15th and 16th centuries and that, more especially, every major progress in its historical development has been achieved, if not by war itself, by a series of violent events of which war an essential part. This is not equivalent, of course, to a prediction that and other forms of collective violence, could not be gradually regulated ultimately eliminated entirely from the life of human society. Such range developments are not considered in this discussion. The only concern of the following study is the relation of war to revolution in time and the various conflicting and complementary tendencies that can be discovered in the previous phases of its historical development.

While for most phases of the history of the last four hundred years a close relationship between definite forms of war and social change is readily admitted by most students of the subject, there are at least two periods for which such general consensus cannot be found. They are at the same time the favorite playground for writers of various descriptions who delight in dealing with war not in terms of a strictly empirical (strategical, social, political, economic, historical) investigation, but from broader aesthetic, philosophical, religious, moral or humanitarian viewpoints. Here belongs the famous description of the war (and the state) of the Italian Renaissance as a "work of art" by the German historian, Jacob Burckhardt. Another example is the frequent glorification of the wars of the pre-revolutionary 18th century as an all time high in the history of human

culture. Despite its characteristic counter-revolutionary bias, this class of literature has for our purpose the advantage of being comparatively free from the peculiar superstitions of the 19th and 20th centuries. Thus it happens that just the writers of this class — a queer species of "historians in reverse"—have been able to bring to light a number of otherwise neglected phenomena that are of particular importance for the study of war and revolution.

* * *

The first of the two apparent "exceptions" to the main contention of this study is presented by the middle period of the Italian Renaissance that was terminated by the French, Spanish and German invasions which began in the last decade of the 15th century and destroyed the indigenous political development of Italy for more than three centuries. There is indeed, at first sight, very little unity between the numerous little wars that were fought out between the leaders of the well equipped and well paid professional armies in the service of the various princes, republics and popes, and the incessant domestic disorders that were begun and terminated within every unit of that political microcosm.

Instead of one characteristic connecting link, we find here a bewildering mass of superficial connections. War was widely used as a means for internal as well as for external aims, and civil struggles were frequently decided on the battlefields of a war against an outside enemy. Yet this temporary overlapping of war and civil discord was of an occasional and accidental nature, without consequence either for the mercenary soldiers who fought the extremely bloodless battles of this period or for the subjects of the quarrelling parties. "A town may rebel a score of times," said a contemporary observer, "it is never destroyed. The inhabitants may retain the whole of their property; all they have to fear is that they will be made to pay a levy." Nevertheless all of these disconnected elements were already connected to a conceptual unity by the political genius of a great statesman, Niccolò Machiavelli. He dealt with the comparatively unimportant political discords and belligerent conflicts of his time in the manner in which Plato and Aristotle had dealt with an equally restricted experience in theirs. He thought that a revolutionary conspiracy from below or, if that failed, a revolutionary action by "the prince" from above would bring about the forceful unification of the Italian nation under a republican or monarchistic, but by all means a modern bourgeois government.¹⁾ This lofty dream of the great political thinker did not mature. It lost its basis and was swept away — just as was, in our time, a still greater revolutionary plan devised by another political genius — through the adversity of external conditions and an altogether unexpected turn of events. The scene of great historical action shifted from the Mediterranean world of Machiavelli's city states to the

¹⁾These two aspects of the expected event are discussed with complete impartiality in the two main books of Machiavelli, *THE DECADES OF TITUS LIVIUS* and *THE PRINCE*.

great monarchies that bordered on the Atlantic just as it is shifting today from the nationally divided areas of 19th century Europe to the greater battlefields of a world-wide war. Yet Machiavelli's reasoning was valid in regard to the historical facts on which it had been founded. Even a more realistic thinker who would not admit that the chaotic and fragmentary relations between war and civil war in 15th century Italy had presented a sufficient basis for the far-flung political speculations of Machiavelli could still recognize in them the first undeveloped germs of that essential unity of war and revolution that is shown in more mature forms by subsequent phases of modern bourgeois society.

* * *

For the time being, the whole development with its visionary dreams and its modest achievements was interrupted, not only for Italy but for the whole European society, by the forceful inauguration of a new period. In this new period both the intensity of war and the intimacy of its connection with what we know today to have been the historical prelude to the political and social revolutions of the 17th and 18th centuries reached an all-time high — not surpassed even by 20th century warfare — in the *Wars of Religion* beginning with the *Reformation* and reaching their climax in the *Thirty Years War* that exterminated one-third of the German-speaking people in Europe, seven and one-half out of twenty-one millions. This was indeed the first historical appearance of all the enormities of the "ideological" wars of the present epoch. It was for this reason denounced from the outset by men like Sir Thomas More and Erasmus as vehemently as the monstrosities of "total war" are denounced today by any 20th century pacifist. Even Francis Bacon was horrified by the consequences that would result for the political and cultural stability of his time from the inclination in cases of religion "to put the sword in the hands of the common people." He called it "a thing monstrous," that should rather "be left to the Anabaptists and other furies."²⁾ This recoiling of a certain section of the intelligentsia from the violent and plebeian aspects of a fundamentally progressive movement is typical of all revolutionary epochs. A common phenomenon of our time is that a belated discovery of the violence connected with the revolutionary struggle for socialism and its counterrevolutionary repercussions has alienated so many humanitarian people from a progressive aim that apparently could be reached only at such terrible cost.

* * *

There has been much superficial speculation about the reason why that first catastrophic phase of the development of the modern ideological war came to such a rapid end just when it seemed to have reached its greatest intensity. It is of course sheer mysticism to assume that men at such extreme moments as those reached by Roman society in the last century before Augustus or by European society at the end of the Thirty Years

2) Bacon, ESSAYS III — *Of Unity in Religion*.

War in 1648 "drew back at the edge of the precipice" ³⁾ as it were. Nor is there any historical evidence for that most appealing assumption according to which — since the middle of the 17th century — the furious passion of the Religious Wars have been gradually replaced by a new and more tolerant attitude toward religious differences. It is safer to rely on the judgment of the learned scholar who says that in this new period "the devil of sectarian religious fanaticism was exorcised" not "through the grace of a deeper religious insight," but rather "in a spirit of cynical disillusionment."⁴⁾

In spite of the undoubted progress achieved during the 18th century through a comparatively successful restriction of the belligerent excesses of the preceding epoch,⁵⁾ it is only the most reactionary-minded who today look back to this pre-revolutionary 18th century as an unmixed blessing, a truly "halcyon time" and the only "lucid interval" in the dismal history of human insanity.⁶⁾ It was a "lucid interval," indeed, as far as the immediate atrocities of warfare are concerned. Yet from a more general point of view the virtue of this short interval between two dynamic epochs is mainly of a negative character. The apparent moderation of warfare resulted from the fact that war was now no longer being used as an instrument of ecclesiastical policy and had not yet begun to be used as an instrument of national policy. Thus it was transformed for the period of more than a hundred years known in general history as *The Enlightenment* into a veritable institution and perfectly adjusted to the needs of those powers who alone at that time were in a position to make use of this "peculiar institution." From the point of view of socialism, which today in this respect has become almost a general opinion, we can by no means agree with that eloquent praise which until recently was lavished upon a time when, it is assumed, war was a "sport of the kings." But in truth it was only conducted in the same backward manner as any other kind of capitalist business was under those immature conditions. We live today in an epoch when even in the economic field the motive-power of the so-called "enlightened self-interest" of independent commodity producers is no longer accepted as a sufficient substitute for a social control of production. How could we accept as a model of perfection a period in which this same spirit of "enlightened self-interest" was still naively applied to all fields of social and political life?

We need only look more closely into the vivid description of the "civilized" wars of the 18th century presented to us today by belated en-

3) Hoffman Nickerson, *THE ARMED HORDE*, 1793—1939. New York 1940; p. 35.

4) A. J. Toynbee, *A STUDY OF HISTORY*, vol. IV, London 1939, p. 143.

The author of this article is indebted to all the six volumes of Mr. Toynbee's work that have up to now appeared for many valuable facts and ideas.

5) According to Toynbee "the evil of war was reduced in the 18th century to a minimum which has never been approached in any other chapter of our Western history, either before or after, up to date."

6) Hoffman-Nickerson, l. c. p. 63.

thusiasts of the "age without enthusiasm," to discover the prosaic truth that underlies all such poetic metaphors. It was a time in which both business and warfare were still restricted by "small numbers, poverty, and the laws of honor."⁷⁾ In the sphere of business these "laws of honor" were represented by the remainders of the rules of the medieval craftsmanship, in the sphere of war by a kind of artificially revived code of medieval chivalry which, however, had by now been filled with a new and entirely bourgeois content. The following is a description of this "sport of kings" by one of its most fervent modern admirers.

"A war was a game with its rules and its stakes — a territory, an inheritance, a throne, a treaty. The loser paid, but a just proportion was always kept between the value of the stake and the risks to be taken, and the parties were always on guard against the kind of obstinacy which makes a player lose his head. They tried to keep the game in hand and to know when to stop. It was for this reason that the great eighteenth-century theorists of warfare urged that neither justice, nor right, nor any of the great passions that move people should ever be mixed up with war. Hapless indeed are those belligerents who take up arms in conviction that they are fighting for justice and right. Both parties being persuaded that they are in the right, they would fight until they were exhausted, and the war would go on forever! One must go to war admitting that the cause of one's adversary is as just as one's own; one must take care to do nothing, even for the sake of victory, that may exasperate him, or close his mind to the voice of reason or his heart to the desire for peace; one must abstain from treacherous and cruel acts. For there is nothing that arouses an adversary to greater fury."

This is indeed the very essence of early bourgeois philosophy: *freedom, equality, property*, and *Bentham*. The ideas of the shopkeeper of the dawn of the capitalist era are raised to the dignity of a universal law and applied to all institutions and to all eras of human development. Even the curious paradoxical spirit of old Mandeville is conjured up: "*Private Vices — Publick Benefits*," wrote Mandeville in 1706. "*It was avarice and calculation that made war more human*," echoes the famous bourgeois historian in 1933.

Even for that epoch when the scope and intensity of warfare were reduced to their lowest level, the relationship between war and revolution still held good since this was also a time when all vestiges of revolutionary processes had been wiped from the surface of society. The comparative decline of war is closely connected with an equal decline of the revolutionary process. On the other hand, the events of the subsequent epoch show that just this apparently so peaceful and so well balanced period of the 18th century was both for war and revolution the time of a new incubation. Even greater revolutions and greater wars that were to break out in European and American society in the immediate future were already germinating under the surface of this apparently stable equilibrium of the political and social

7) The terms in quotes are used by the Italian historian, Guglielmo Ferrero in his description of 18th century warfare in his book, *PEACE AND WAR*, London 1933, pp. 7—8.

powers. From the viewpoint of present day psychology, psycho-analysis and so-called "psychology of the masses" it seems curious that historians and sociologists should still continue to treat as non-existent those forms and phases of the driving forces of a given epoch which do not appear on its surface but are temporarily repressed into unconsciousness or directed into other channels by a process of "social sublimation."⁸⁾ All those much advertised forms in which the "Age of Reason" tried to restrict and civilize war were in fact only so many forms to prepare that hitherto unequalled outburst of the slowly-accumulated new driving forces of the fully developed bourgeois style of modern warfare that was to explode in the wars of the French Revolution.

It appears then that during the three centuries preceding the full maturity of modern bourgeois warfare there has never been a time in which the essential unity of war and revolution has been interrupted. More particularly, the much glorified period of the *Enlightenment* cannot be described as an interval during which the revolutionary passions of the Religious Wars had been really tamed and controlled by a supreme effort of human morality and reason. They had in truth only suffered a temporary check under the impact of the failure of either side to win the upper hand in the religious wars. An influential part of the population had become aware of the fact that they had begun to care much more for the newly opened ways of acquiring material wealth than for any further sacrifices of their personal comfort for the sake of a truer form of religion. The great revolutionary driving forces of the new bourgeois class that had made their first historical appearance in the fury of the Religious Wars and were to reappear in the violent social and political battles of the French Revolution were not weakened or destroyed during the intervening period of the so-called *Enlightenment*. They were only repressed and had gained tremendous future momentum just because of this temporary state of repression.

* * *

The phases of the historical development of war and revolution from 1789 to 1941 should not need a detailed explanation. It is of course a great shock for those naive democrats of Europe and the U. S. who until recently had quite honestly believed in the opposite claims of the Nazi propaganda to be reminded of the historical fact that modern "total war" is by no means one of the devilish inventions of the Nazi revolution but is really in all its aspects, including its very language, the genuine product of democracy itself and more particularly the fruit of the American War of Independence and of the great French Revolution. Nevertheless this is such an obvious fact of the most recent history of our society, and it has been so often expounded in

8) For a criticism of this attitude—somewhat mysterious in form but sound in substance — see Denis De Rougemont, *LOVE IN THE WESTERN WORLD*, New York 1940, Book V, Love and War, pp. 223 ff. and the same author's study on *PASSION AND THE ORIGIN OF HITLERISM*, in *The Review of Politics*, vol. 3 No. 1, January, 1941.

unambiguous terms by all historical and military experts⁹⁾ that its utter neglect by the public opinion both in the totalitarian and the democratic countries presents in itself a major problem. The secrecy which until today surrounded everything connected with a modern war seems to be an intrinsic and necessary condition of the existence of present day society itself. "We do not know the war" — this means, among other things, that we cannot control what we do not know. If we did know, we would no longer live under the conditions of a society based on capitalist competition or even of a society based on those imperfect and fragmentary forms of planning that are compatible with the maintenance of private property and wage labor. A full knowledge, and an ensuing conscious control of the war by the people themselves pre-supposes that society of freely associated producers which will result from a genuine social revolution. Under such conditions, there would no longer be any need for war. Thus it appears that the amazing amount of plain ignorance and equally surprising unpreparedness to think hard, clearly, and realistically about the war do not result from an insufficient state of our general political education. They belong to the essential features of a pre-socialist society and are of the essence of war itself.

* * *

The whole theory and practice of bourgeois warfare during the last 150 years is dominated by the idea of "total war". *Total war* was invented and first practised on a gigantic scale by the fourteen citizen armies organized and put in the field at the darkest hour of the new French Republic for the purpose of defending the revolution against a host of threatening enemies from without and from within. This was the meaning of the famous "levée en masse" that was decreed by the law of August 23, 1793 which, for the first time in history, put all the resources of a belligerent nation — its men, foodstuffs, labor, industry, the whole genius of the people, and the tremendous passion of its newly aroused enthusiasm — into the service of the revolutionary war. This was indeed, within the limits set by the degree of technical and industrial development, a "universal draft" and a veritable "total war". If we disregard for a moment the abysmal difference in language — between a period when the revolutionary spirit of the bourgeois class was genuine and powerful and the present phase of its beginning decay — what we read in the speeches of the National Convention and in the text of the revolutionary decree itself might indeed have been written yesterday.

"The young men shall fight; the married men shall forge weapons and transport supplies; the women will make up old linen into lint; the old men will have themselves carried into the public squares to rouse the courage of the fighting men, to preach hatred of kings and the unity of the Republic.

9) See for a most up-to-date, factual report on the gradual rise, survival and (hypothetical) decline of the mass army and other implements of modern total war the above quoted book of Hoffman Nickerson. For a masterful treatment of the same matter in condensed form see the chapter on "THE IMPACT OF DEMOCRACY AND INDUSTRIALISM UPON WAR" in Toynbee's work, vol. IV, pp. 141-151.

"The public buildings shall be turned into barracks, the public squares into munition factories; the earthen floors of cellars shall be treated with lye to extract salpeter. "All fire-arms of suitable caliber shall be turned over to the troops: the interior shall be policed with shotguns and with cold steel.

"All saddle-horses shall be seized for the cavalry; all draft horses not employed in cultivation will draw the artillery and supply wagons." 10)

Yet even that, the highest point ever reached in the history of bourgeois warfare, the revolutionary total war, showed the fateful marks of an intrinsic ambiguity. This war for the defense of the revolution and for the delivery of all oppressed peoples was inevitably conceived and carried on from the outset as a national war of the French people against foreign countries. From a war of defense it soon developed into a war of conquest; the promised delivery of the oppressed peoples degenerated into a mere propagandistic pretext for the annexation of their territories, and the revolutionary war was at all times conducted indiscriminately against every country, free or unfree, which did not side with the French republic in its mortal struggle against the coalitions of its enemies. It is characteristic that the first steps toward the "war of revolutionary expansion," that is, toward the use of revolutionary slogans as a means of external warfare, were not originated by the Jacobin radicals but by the moderate Girondist faction which was already secretly aspiring to conclude rather than to further expand and intensify the revolutionary process. Yet it was the revolutionary Jacobins who later carried through, with all their tremendous energy, the new policy of war and conquest which they had reluctantly accepted as a means for their internal revolutionary policies. A similar development was to recur, after a long interval but under closely analogous conditions, in the internal and external policies of the Russian revolution of 1917. At the present time the old Girondist slogan of revolutionary warfare is used as one of the chief ideological weapons of the Nazi propaganda in spite of the recent extension of the Nazi war into an indiscriminate attack both against the "decaying capitalist democracies" of the West and the new totalitarian regime of the Soviet Union.

This latest development was prepared during the whole 19th century through a gradual dissolution of the original revolutionary content of the bourgeois total war and a corresponding weakening of that tremendous striking force that it had manifested during the epoch of the Revolutionary and Napoleonic Wars from 1792 to 1815. The long period of gradual disintegration and decay of the so-called National Wars in 19th century Europe can be subdivided, according to Marshal Foch, into three successive periods:

"War became national in the first instance for the sake of winning and securing the independence of peoples — that of the French in 1792-93, of the Spaniards in 1804-14, of the Russians in 1812, of the Germans in 1813 and of Europe in 1814. At

10) Translation by Hoffman Nickerson, I. c. p. 64.

this stage it produced those glorious and powerful displays of popular passion known as *Valmy, Saragossa, Tarancón, Moscow, and Leipzig*.

"War then went on being national for the sake of winning unity of races or nationality. This is what the Italians and the Prussians claimed to be fighting for in 1866 and 1870. In its name also the king of Prussia, after he had become German emperor, put forward a title to the German provinces of Austria.

"But if war is still national today, it is for the sake of securing economic benefits and profitable trade agreements.

"After having been the violent means whereby peoples wrested a place in the world for themselves which made them into nations, war has become the means to which they still resort in order to enrich themselves." 11)

This is indeed a brilliant description of the various successive phases that bourgeois war had to pass through in close analogy with the simultaneous decline of the revolutionary tendencies and achievements of the ruling bourgeois class. And again we can observe the fallacy of the ordinary pacifist confusion of the periods of comparative peace with the truly progressive phases of human development. The last period of peace which was enjoyed by Europe during the so-called "colonial era" from 1879-1914 was, as de Rougemont observes, nothing more than a period of utter cultural decay. "War was growing middle-class. The blood was getting commercialized." "In short, colonial warfare was but an extension of capitalistic competition in a form that laid a heavier burden on the country at large though not on the great business firms."

The most impressive further consequence of this state of affairs was the eventual collapse of all Revolutionary-Napoleonic and Clausewitzian, competitive-capitalistic and nationalist-bourgeois warfare in the first world war of 1914-1918. This long-prepared-for, crowning war of the nationalistic age was no longer fought between single nations but between extremely heterogeneous groups of nations. It proved that the old competitive form of unrestricted total warfare was utterly impotent either to win victory or to allow for a real peace after the conclusion of the belligerent action. Even the revolutionary repercussions of the collapse of the war and the impossibilities of the ensuing peace in the defeated countries of Central Europe seem to enhance rather than to detract from the general picture of an irretrievable break-down and decay of the whole traditional structure of Western capitalist society.

Nor has the relation of war to revolution attained a new positive phase in the developments of warfare during the post-war period. From a purely formalistic point of view it might be said that the revolutionary significance of war has increased in the last 25 years in the sense that the former rigid distinction between war and civil war has shown a tendency to become more fluid and finally to dissolve altogether. Whereas during the first world

11) Marshall F. Foch, *LES PRINCIPES DE LA GUERRE*, Paris 1903. English translation by de Rougemont, pp. 245-46.

war the proposition to "transform the capitalist war into a civil war" was still regarded as an utterly impractical slogan by the majority of the socialist workers themselves,¹²⁾ twenty years later the Spanish War originated as a genuine civil war and in its further process developed into a rehearsal of the present war between the totalitarian and democratic countries. With the outbreak of the present war the existing confusion has reached an even higher point. This war has revealed from the outset and at all its decisive junctures the features of a world-wide "ideological" and "political" war, that is, of a struggle between different factions of a civil war rather than of an old fashioned war of one country against another.

Thus, the whole development traced in this study seems to have moved in a circle. In the latest phase of bourgeois society we come right back to the ideological wars of the 16th and 17th centuries. Yet, closer investigation reveals this apparent revival of the intimate relationship between war and revolution to be a matter of appearance rather than of real historical significance. What has actually happened is much better described by the paradoxical formula that in the present epoch not only war, but even "civil war," has lost its former revolutionary character. Civil War and Revolution are no longer synonymous terms.

Moreover, it is not at all certain that this new pseudo-revolutionary feature of present-day totalitarian warfare, which stirred up such intense feelings throughout the world, has come to stay. The opposite event is equally possible, — and this possibility has been further increased through the recent extension of the war to Russia. The present tendency of the Nazi regime to improve its comparatively weak position within the existing power-field of capitalist competition by a concomitant drive toward a totalitarian reconstruction of the whole existing system of society may still be entirely abandoned in the further course of the war. The totalitarian war would then return to the forms of an ordinary capitalistic war that is conducted from both sides merely for an external gain of national power. It is true that even the continuance of the war in such an old fashioned bourgeois style may ultimately result in an internal change of the given structure of the society. Yet in that case the internal repercussions of the war will not result from any conscious action of either belligerent party, whatever the "aims" proclaimed by their ideological propaganda. They will result, if at all, from the force of unforeseen circumstances as, for instance, from the action of a new revolutionary class that was not represented in the councils of this war. They will result without and against the common intentions of both the belligerent powers. The question whether such further developments of the present crisis can be expected at all on the basis of the existing conditions, will be discussed in the concluding section of this study.

* * *

The main differences between the present "totalitarian" form and the

12) See *Living Marxism*, vol. V no. 4, Spring 1941, pp. 2—4.

older forms of bourgeois total war are not — as both Nazi propaganda and its foolish democratic antagonists would have us believe — derived from the fact that bourgeois society today has entered a new phase of its revolutionary ascendancy. Yet these differences do express a real change in its objective economic structure and development. As already shown, war in capitalist society was at all times a necessary complement to the normal conduct of business. Already the great theorist of 19th century warfare, General Carl von Clausewitz, followed up his famous description of war as a "continuation of politics by other means" with the remark that war is "even more closely related to trade which also presents itself as a conflict of human interests and activities, and that politics itself must be regarded as a kind of trade on an enlarged scale."¹³⁾ He described the war of the first part of the 19th century as being "much like business competition pushed to its logical consequences and unrestrained by any law other than expediency." This is how "the great interests of the nation", that is, the common interests of the capitalist class and more particularly those of the leading groups, were attended to at a time when capitalist production was still predominantly regulated by the competition of apparently independent commodity producers. In the same manner also the most recent methods of total warfare, as they are applied in more or less perfect forms by both sides in the present world war, represent a later and more highly developed form of the conduct of the old capitalist business. "New forms of material production," said Marx "appear earlier in the forms of warfare than in peace-time production." Thus the present totalitarian war anticipates those new economic forms which will be achieved at a later date through the complete transition of all capitalist countries to a planned rather than to a market-conditioned and to a monopolistic and state-capitalist rather than to a competitive and private mode of capitalist production. It is mainly for this reason that the present war is not just a "repetition" of the 1914-1918 conflict, but seems to show an "essential difference" from the characteristic form of its predecessor.¹⁴⁾

This difference, among other things, appears in the lessened importance of the "armed horde." According to a generally reliable source, only one third of the German army is even nominally infantry and much, if not most, of its real work is done by the long-service professionals of its tank corps

13) C. v. Clausewitz, *VOM KRIEGE*, 1832—Book II, chapter 3, section 3.

14) See Clement Greenberg and Dwight MacDonald, 10 PROPOSITIONS ON THE WAR, in *Partisan Review*, vol. VII, no. 4, July-August 1941, p. 271. The authors do not agree on the character of this existing "difference". One of them believes that the novel characteristics of the present war arise from the fact that "a new kind of society" is already existing in present-day Germany. They do not further clarify this point, but lose themselves in a discussion of the greater or lesser "desirability" of fascism and other mainly subjective problems. This tendency detracts to a certain extent from the otherwise considerable value of their attempt at a serious discussion of the main problem of our time.

and air force.¹⁵⁾ Most of its military operations up to the Russian campaign have been performed by a surprisingly small contingent of selected "shock troops" and with a comparatively low number of casualties.

Another feature in the character of the present totalitarian war which points to the general decline of the enthusiastic competitive spirit in the present phase of monopoly capitalism is the notable decrease of that wave of general enthusiasm that was aroused by the national wars of the 19th century and that reached its climax during the first years of the world war, 1914-1918. Despite the vastly increased efforts of expert professional propaganda, there is nothing in the attitude of the general public toward the present war that reminds one even slightly of the strong ideological intoxication of whole nations that was so characteristic of the wars of the preceding epoch.

Finally, although every war of the last century and every successive year of warfare between 1914 and 1918 evidenced an increasing extension of the principle of planning beyond the traditional limits of the military field, this principle has now for the first time been consistently applied to a complete mobilization of all resources and manpower of a society that by its technical and industrial development has far transcended all previously existing levels. What is new here is not the idea of the "universal draft" *per se*, but the fact that in its application today nothing is left to individual initiative and competitive strife. Another novelty consists in the fact that this time the principles of "war economy" were already applied in the preceding time of peace. The whole industrial system of such nations as Germany and Russia had been methodically subordinated in advance to the needs of a war that was not to begin until many years later.¹⁶⁾ Since the outbreak of the present war the traditional barriers between production for war and production for peace have been broken down everywhere. The resources of all countries have been pooled for the use of a world-wide war economy.

In all these respects the present "total war" of Nazism shows a different character from the older forms of total warfare which reflected the spirit of a predominantly competitive capitalism. Today's total war thus appears as a new form of total war — a total war of monopoly capitalism and state capitalism as against the competitive total wars that pertained to a preceding economic epoch.

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15) Hoffman Nickerson, p. 397.

16) Ironically, the first formal adoption of the principle of "total war" in post-war Europe was decreed not in Soviet Russia or Nazi Germany. A bill for the mobilization of all forces and resources of the nation for "la guerre totale" was submitted to the French Chamber of Deputies under the sponsorship of the socialist leader, Paul-Boncour, and passed overwhelmingly over the votes of the Communists on March 3, 1927.

The same economic developments that have gradually destroyed the positive function of war as an instrument of the bourgeois revolution have created the objective premises of a new revolutionary movement. The problem of war and revolution assumed a new aspect through the rise of an independent movement of the working class. Against this new threat the ruling bourgeois class has now to fulfill a repressive function. Under the changed historical conditions it becomes increasingly difficult to decide whether a given form of war or even war itself has still retained any positive significance for the revolution of the 20th century.

First of all it must be stated that on the various occasions during the last two or three decades when the proletarian class has embarked on a struggle for its independent aims, the social revolution of the workers has not derived any benefit from those positive functions that assumedly can be fulfilled by a revolutionary war for the emancipation of an oppressed class. As far as the bolshevik revolution in Russia is concerned, its "revolutionary wars" mark a particularly dismal chapter of its history. It found its tragic conclusion in the broadcast address of July 3, 1941, in which Stalin no longer referred to socialism and the working class at all. Instead, he asked the various peoples of the U.S.S.R. to defend their national state existence within the Russian Empire and generally to display "the particular qualities that are inherent in our people." Since then, the tremendous new forces that were released in Russia by the revolution in 1917 have been used as tools for the ambiguous defense of the capitalist *status quo* in Europe and the U.S.A. against the equally ambiguous innovations that would result from the defeat of the "democratic" powers of the West in their competitive struggle with the "totalitarian" forces of Nazi-fascism.

How are we to understand the paradoxical contention that war, the mighty tool of the bourgeois revolution of the past, may have lost all positive importance for the socialist revolution of the present epoch? Surely, the historical movement of the 20th century is not separated by a Chinese wall from its predecessors. If it were true that war fulfilled an entirely positive function in the revolutionary change of society in the past, it would be difficult to see how it could have lost its progressive function today.

The answer is to be found in the already discussed ambiguities that were inherent in the bourgeois war from the outset, and in the underlying ambiguities of the bourgeois revolution itself. There is no doubt that the revolutionary and nationalist wars of the 18th and 19th centuries were necessary steps in the process that led to the establishment of the existing capitalist society and its ruling bourgeois class. Yet, in spite of the glowing revolutionary passion in the hearts of the citizen soldiers who did the violent and bloody job, their real function had much less to do with the genuinely emancipatory and democratic aspect than with the simultaneously repressive effect of the revolution. It is an unjustified historical generalization to refer to modern mass war as an outcome of the French Revolution in general. A closer examination reveals that it sprang from one particular phase of that revolution. It originated at the critical juncture when the rise of the

Vendée and outside aggression had enforced the replacement of the much more democratic principles of the first phase of the revolution by the authoritarian and violent measures of the revolutionary dictatorship of the Jacobin party.

In the second place, the further development of universal conscription and all other features of "total war" during the 19th century lay not so much in the hands of democratic France as in those of the anti-democratic Prussian state. This was not, as some people have said, mere historical irony. It had its foundation in the greater appropriateness of an exalted use of force for the purpose of the reactionary governments of Central Europe who restricted their "Wars of Liberation" to the recovery of the national independence of their parochial states from the French Empire while at the same time refusing to grant the institutions of a genuine democracy to their own people. Again, in the following decades, when the new form of mass war reached a still higher pitch in the American Civil War and Bismarck's three Prussian wars of aggrandizement, it was bourgeois nationalism in its narrow parochial sense rather than democracy that was entrenched in the centre of Europe through the outcome of these increasingly violent and sanguinary wars.

From that time onward all capitalist and imperialist wars up to 1914 were opposed more or less consistently by all shades and currents of the international movement of the working class. It was only under the impact of the world war and the ensuing economic and political crisis that two minorities within the German socialist party rediscovered the "positive" value of war for the socialist revolution. One of these minorities led the abortive revolution of the German workers and later took refuge in the pro-Russian activities of the Communist Party. The other accepted the war itself as a genuine fulfilment of the social aspirations of the workers and thereby anticipated the "revolutionary" war that is waged today, against Soviet Russia and democratic capitalism alike, by the counter-revolutionary forces of National Socialism.

The significance of war for the future revolutionary movement of the working class is today entirely in the balance. Whatever the outcome of the present "total" war will mean for the rival factions of the international ruling class, it is clear that for the workers the assumedly "revolutionary" war is only another and further-enhanced form of their normal condition of oppression and exploitation. In spite of all the clamor and turmoil this internecine struggle within the ruling capitalist class is no longer — as former capitalist wars have been — a necessary form and part of historical progress. It produces even those minor changes of the existing economic and political structure which are indispensable to keep the old system going in an altogether distorted form. The capitalist war has exhausted all its revolutionary potentialities.

The struggle for the new order of society does not take place on the battlefields of the capitalist war. The decisive action of the workers begins where the capitalist war ends.

Karl Korsch

STAGES OF TOTALITARIAN ECONOMY

A comparison of the evolution of Italian and German economics after the establishment of the respective totalitarian governments gives rise to speculation as to whether there are any inherent laws which have determined the parallelism of their development. Despite the differences in the economic structure of Italy and Germany, both countries have run through a sequence of economic stages which, though longer in one country than in another, and occasionally brought about by different events, are nevertheless related by their consecutive order and essential characteristics.

Before a more detailed inquiry into the functioning of the system during each of these stages enables us to name either of them, let us first characterize them by those external characteristics which the totalitarian parties themselves emphasize.

The first period was called "sindacalista" in Italy, "Staendestaat" in Germany, and in Portugal, Spain, France, "corporatism", "Corporativism", or "Etat Corporatif". The fact that totalitarian ideologues and legislators mistook the intention for the achievement and regarded this period as the inauguration of their final aim created a good deal of theoretic confusion. It led either to their giving up the corporatist ideology in the later stages (Germany) or to declaring the inaugurate act of each of the following stages as the "final achievement of the realm of corporatism" (Italy). In the countries which have not yet progressed to the later stages, every legislative act is considered as the first true fulfillment of corporate state ideas (Spain, France).

The corporate State period was characterized by a variety of new class organizations, institutions and offices, which among them carried on a good amount of the class struggle to the exclusion of the workers' class organizations. The latter were rooted out. In contrast to this, the one party state established its supreme authority by incorporating and co-ordinating into its frame-work as many organizations as possible, by carrying on experiments in the social and economic field and by directly interceding in the class struggle where it aimed not at equilibrium but at satisfying completely one class or another.

This period came to an end when the state was no longer able to prevent open class struggle from breaking out. The bloody suppression of "left wingers", ideologues of the "second revolution", totalitarian "integralists", "national bolshevists", corporativists, etc., left the economic sphere to the organizations of big business and the political power concentrated in the hands of an economically independent and, socially speaking, relatively homogeneous group.

The second period was usually described by totalitarian authors as the stage of the "economic miracle". It coincided with a period of world prosperity. The intervention of the state into economy was restricted to main-

taining equilibrium, supporting the weak points of industry, securing a constant flow of capital through foreign loans or pump-priming, supervising the capital market and foreign trade, and preventing the emigration of capital. Totalitarian authors ascribed the prosperity of this period to the so-called "moral renovation", to the absence of class struggle, the control of foreign trade and the encouragement given to capital. Anti-totalitarian authors also emphasized the efficient control of consumption through the regulation of markets and prices. We shall see that the economic policy of this period resembled the mercantile system or "geschlossener Handelstaat".

This period ended with the periodic economic crisis. Enter the third stage. From now on the totalitarian party-state felt obliged to save the economy from disaster by the following methods: taking over the losses and preventing new ones, keeping employment up, splitting the general crisis into a series of partial ones, and overcoming economic congestions by shifting consumption to newly created outlets. The growing pressure that arose from the collapsing equilibrium led to ever-more-complicating and haphazard constructions, which, in turn, instantly called for new measures of planning and control.

This third stage was generally described as "autarchy" or "Wehrwirtschaft". It implied a considerable amount of "planning", state intervention and nationalization of business corporations. Mechanisms of control, originally conceived as temporary, were systematized and made difficult to repeal. Production was shifted from marketable commodities to substitutes and armaments. Amortization was shifted from individual business to the whole of industry.

The "radical" totalitarians emerged once more. Theorists of etatism and all-around corporatism occupied important posts. Totalitarian apologists announced that the "second revolution" had come and that the Chief had resolved to set up a new economic system and abolish capitalism for good. Socialist critics denounced the new system as "state capitalism", the worst of all class societies, and liberal critics regarded the new system as "inverted bolshevism".

The new equilibrium, however, proved to be less steady the more the new corporations merged into the capitalist nexus. The crisis, prevented from breaking out and destroying unsound parts of the economic structure, became latent. All parts of the economy became more or less afflicted with excessive investments, artificial planning and pooling and participation in national losses. All outlets on the home market became glutted in accordance with the laws which govern capitalist economy.

The totalitarian state had to decide, then, whether it wanted to transform the "economy of national defense" into a complete war economy (which in the end was impossible without actually going to war) or whether to abolish all the laws of capitalist economy. There was no other way for a dictatorship since a return to economic liberalism would precipitate a

crisis. The totalitarian countries found imperialism the easier outlet and they declared war on foreign rather than on home capitalism, i. e., they shifted the internal crisis to international affairs.

This period lasted two years in Italy, from the Matteoti crisis of 1924 — which established the totalitarian regime — to the Farinacci crisis. In Germany it covered only fifteen months — from the Reichstag fire in 1933 to the Roehm purge.

The second period covered the years of prosperity: in Italy 1925-31; in Germany 1934-36. Economically, this was a period of inflation in Germany. In Italy a policy of harsh deflation — particularly of wages — was combined with encouragement to foreign investments in Italian industry.

As a result of the world crisis, foreign capital investment was discontinued in Italy. The crisis that followed and the threat of crisis in Germany after the technical means of pump-priming had been exhausted, led to a complete reversal in the traditional attitude of the totalitarian politicians towards economy. The ensuing "period of economic revolution" lasted in Italy through the Ethiopian war and sanctions, and until 1938 in Germany.

The economic system that has obtained since then in the totalitarian states has been described as "war economy". We shall see whether this meant a capitalist system distorted by the necessities of war or a system whose functioning was entirely determined by the war.

II.

The "syndicalist" or "corporate" stage of totalitarian economy was characterized by the establishment of class organizations which waged continuous class war against each other and which tried, with more or less success, to wrest the state power from others, to lay hold on as much political power as possible and to realize economic aims through political means. In this class struggle the state used its mediatory power in an arbitrary and despotic manner.

In Italy the Marxist trade unions were dissolved, but the first fascist "syndicates", which included employers and employees in one organization, proved unmanageable. Independent workers' unions under fascist leaders were established and their chief, Rossoni, attacked the government's financial policy. In Germany the semi-official Nazi shop stewards continually pressed their demands on the official "German Labor Front". The struggle for the often postponed elections of the shop stewards was a main issue in German politics. The "old militants" of the Nazi organizations got busy in the economic sphere as soon as they tired of book-burning, Jew-baiting and Marxist-killing. Storm Troopers often turned to "direct-action" against refractory employers or landlords.

At the same time the Peasants' Estate, the League for the Defense of the Middle Classes, the Estate of Industry, etc., were no sooner called

into being that they began to "snatch all the covers" of state protection. Each wanted to create a monopoly for its own products and to exclude the others from participating in the national cartels. The peasants and the middle classes obtained favorable regulations of investments, prices and markets. Their goal of social security was temporarily satisfied; and the unemployed were given something to do, though not remunerative jobs.

The economic and financial policy remained, however, in the hands of liberal businessmen or officials — Stefani in Italy, Schmitz and Hugenberg in Germany: men hostile to any interference on the part of the state in business operations. To them the state's job was to root out "Marxism", keep the demands of the middle class within the bounds of National Renovation, protect industry with tarriffs and real estate with subsidies. A careful perusal of the laws and decrees in the economic field during this period shows that their common aim was to drain the greatest amount of ready money into the pockets of big industry — with the sole exception of the measures aimed at securing jobs for Nazi partisans.

The failure of the totalitarian governments to secure social security for the middle classes led to extremist revolts — the preparations for the second "March on Rome" and the Roehm conspiracy. Both were crushed. At the same time the totalitarian parties took the opportunity to smash the old conservative parties and to free themselves from any outside interference with the political machines they had set up. The totalitarian states came out of these crises with considerable increases in homogeneity, efficiency, independence and power, but they deliberately renounced direct intercession in economy and steered clear of using it as a means of class struggle.

III.

In the prosperity period, the radical totalitarian partisans were replaced as shapers of economic policy by the pre-totalitarian leaders. Rossoni was not heard from for a long time, fascist shop stewards were abolished, shop stewards were not re-elected in Germany and the Nazi shop cells disappeared from the scene of social politics. At the same time that the theory of corporations was exalted to the sky, Bottai, the main theorist of corporatism, was relegated to a mock Ministry of Corporations which was not allowed to create corporations. Up to 1932 there was only one corporation — that of the Theater. In the meantime the famous *Carte del Lavoro* was elaborated by moderate-conservative jurists like Rocco, and the Ministry of Finance was given to the business man Jung.

In Germany Schacht was made Minister of Trade. Goerdeler was recalled to the post which he had occupied at the time of Bruening's chancellorship. As Commissar for the Control of Prices he had more power than Dr. Darré the leader of the Peasants' Estate and Minister of Agriculture. Dr. Trendelenburg, Minister of Commerce in the Weimar Republic was nominated president of the Estate of Industry in place of the Nazi ideologues who had applied for or held this position.

In Germany as in Italy financial policy became liberal or conservative according to circumstances, but never totalitarian. Northern Italy was industrialized and electrified with the help of English and American capitalists. Germany amazed the world by the sweeping success of its unhampered capitalistic policy of re-employment through re-armament, state loan expenditure, and inflation combined with rigorous control of foreign exchange and foreign trade, protective tariffs, prohibitive control of imports, dumping, subsidies, export-stimulating clearing agreements, liberal taxation combined with tax bonuses for investment, and last but not least, freedom to form cartels, trusts, pools, and coercive cartels (which established the domination of the business branches of the big business corporations). All these measures increased profits, encouraged investment, and kept consumption down. All these measures may be found in any handbook of German mercantilism from List to Schacht or in any list of requirements drawn up by industrialists during the days of the Weimar Republic. The much decried "Banking Enquete" ended in Germany with a rather helpless and regretful "report" which did not lead to anything approaching the state control that the Nazi radicals wanted. Business maintained its legal representations through chambers of commerce to the exclusion of corporations, Nazi organizations and state-created institutions.

IV.

By 1932 the crisis really broke out in Italy as soon as the influx of foreign capital was discontinued, and exports of the over-capitalized and hypertrophic industry of durable goods slackened. In Germany there was the same phenomenon of over-capitalization and over-investment in durable goods though here it was only felt as an increasing strain on economic policy. Neither country had created home markets for the consumer goods industry during the time of prosperity. Retail trade lagged far behind the sweeping growth of capital goods, and had actually not reached the level of former prosperity phases. In Italy the state had to take over 80% of the total industrial shares in order to prevent a wholesale bankruptcy of Italian industry. The state became practically the master of industry as the taking over was done through the state banks. In Germany, on the contrary, the state financed the industrial "miracle" by means of special bills which had been "pressed into the hands of business", as the official "Institut fuer Konjunkturforschung" admitted in one of its "Reports". Twice before Germany had experienced an increase in unemployment as soon as the printing of currency had been discontinued. Schacht and Wageman rather frankly expressed the fear that further inflation would lead to general disaster. A well-documented paper which circulated in industrial quarters at the end of 1936 stated that "investments made since 1933 must be written off entirely as they are irrational and cannot yield profit under normal conditions". The result was that business treasuries were uneasy in the midst of plenty and felt themselves at the mercy of the state.

There were social differences corresponding to these economic differences. In Italy fascist and business "society" had already merged into one by 1932. In Germany, however, the National Socialist Party faced a strong bourgeois and Reichswehr opposition through 1936 and kept their "Fuehrerkaders" separate from a "society" which did not respect them.

Opposite causes had similar results in the climate of totalitarian economic policy. The state had to find profitable employment for the hypertrophic capital structure for which it was responsible in one way or another, and of which it was in charge, however involuntarily. Contrary to the legend of liberal critics the totalitarian state, far from carrying through a policy of nationalization, decided to create economic conditions in which unprofitable investments became profitable.

This was the self-styled "anti-capitalist" move or "second revolution" of the totalitarian parties. The "old militants" re-appeared: Rossoni replaced Rocco, and Bottai was given the important post of Governor of Rome. Goering, Wagner, Kepler replaced Goerdeler and Trendelenburg. New posts were created for Nazi partisans. Autarchy was declared to be the "task" of industry, and the Four-Year Plan was announced at the Party Congress to the amazement of Dr. Schacht who had advised against it. Interference with business was systematized and legally established during this time. Goering was given discretionary powers to issue compulsory regulations. At the same time important shifts were effected in property and management; party officials stepped in and acquired seats in the boards of joint stock companies, created new holding companies and trusts (Herman Goering Werke, the Italian State Banks). A considerable legislative output swelled the volumes of the Official Gazette and the Commercial Codes.

To create the new conditions of autarchy took considerable time. In Italy the struggle between the old and new principles continued through the Ethiopian War. Sanctions, though they did not create autarchy, helped Mussolini to persuade the nation of its necessity. Not until the end of the war, however, was the complete system of the new corporations (which, as we shall see, have nothing in common with the original idea of corporative "Estates") legally set up. In Germany a year and half passed before Dr. Funk replaced Schacht as Minister of Finance and another year before he also became President of the Reichsbank.

V.

Technically, financially, and economically, the new stage was not characterized either by the increased number of bureaucratic regulations — which were only its consequence — or by the increased participation of government employees in business, a situation whose social significance will be discussed at once but which was incidental, economically speaking. Rather the new stage was characterized by

- 1.) The replacement of public works by the production of "substitutes".

- 2) The replacement of pump-priming, inflationary methods by methods that forced, and enabled, industry to make self-liquidating investments.
- 3) The replacement of state interference with particular marketing conditions through the creation of new general conditions of capital expansion on the home market.

Whereas over-produced capital had actually to be destroyed in the second period and wasted in the form of armaments, roads, unprofitable equipment, etc., the third period saw the creation of innumerable new industries whose work was artificially rendered profitable. There was no increased satisfaction of the nation's needs, however, and the profits so made were turned to a further production of armaments.

The boundaries of capitalist expansion were thus widened, not by opening new markets and increasing the efficiency of satisfying existing demands, but by the creation of new detours of production and the limitation of the sources of satisfaction. Full employment was maintained by adding to the industrial pyramid rather than by enlarging the basis of production. It is obvious that this involved widespread reorganization of the capital structure and business machine, as well as the formation of new trusts, the abolition of old ones, and continuous modification and adaptation of the technical and managerial machine.

This rebuilding of the business organization involved changes in the social composition of the managing and supervising personnel. On the one hand party officials availed themselves of the chance to acquire both property and key positions in industry. They willingly amalgamated with the former ruling class. On the other hand, representatives of the old business class were called upon to sit on the boards of planning and supervision. Goering became the largest industrialist in Germany, and Agnelli, the owner of the largest mining and industrial plants in Italy, became the dictator of Italian economic policy. Party officials, military leaders, and big business managers virtually merged into one class.

VI.

In the second stage of totalitarian economy the state had tried to steer clear of economy and to interfere only in case of necessity. But it nevertheless had become involved in an ever-growing and increasingly complicated network of bureaucratic regulations. In the third stage it abandoned its aloofness — a feature which has caused superficial critics to define the system as one of "State Capitalism".

This much-misused phrase, State Capitalism, may mean one of three things to those who use it: 1.) That a certain amount of private business is done by the state or taken over by it within the framework of capitalism. Thus defined, state capitalism does not appear as a new system. 2.) That the state controls so great a percentage of industry that there is practically a general state monopoly which does business without any regard for profit.

This is certainly not true of Germany or Italy. It has been the principle of both fascists and national socialists to turn back into private hands as many business corporations as possible after the crisis was over, and to make it possible for all entrepreneurs — whether private, or corporate, or public institutions — to earn profits. 3) That the state controls the flow of capital, of demand and supply, and leaves to entrepreneurial activity only the execution of its demands. This is more than a definition in that such a proposition would not only describe the actual control that is being exercised but would also imply or suggest the idea that the aims of the state could be artificially imposed upon production and thus actually be carried out through a decree of the government. The feasibility of this is to be questioned, however. Neither is the state free to decide the tasks to be performed by production nor are its decisions carried out in actual fact. A system in which the decisions of the state were not determined by any but technical reasons and production were carried through regardless of profits might be called State Socialism, although such a definition would not take into account the generally accepted definition of socialism as an economy controlled by consumer needs. A system in which consumption itself has to be "controlled" cannot, however, be called State Socialism.

The economic policy of the totalitarian state might be described as widening or narrowing the "environmental conditions" of national production so as to maintain "full employment" in a profit-earning industry. As equilibrium in such an economy would be unstable, the regulations would have to be changed continually. Regulations that concern general conditions would call forth new regulations that concerned the technical and economic "tasks" of industry, and vice-versa, ad infinitum.

Thus in the totalitarian state the laws which governed capitalist production continue to be in force, but the symptoms by which they were felt will now be reversed. What might have appeared as price fluctuations in a free capitalist system will appear in the totalitarian state as fluctuations in industrial organization. What used to appear as disproportionalities of capital now appear as lack of proportion in technical equipment, raw material and supply of labor. Instead of adjusting supply to demand, demand is now adjusted to supply.

It is obvious that unless the natural sources of national wealth were to be wasted in wholesale fashion (at the expense of the national defense program and other implements of totalitarian regimes), the expansion thus created could not exceed certain limits. Contradictions between the various systems of regulations were bound to arise. The only outlet that remained was imperialist expansion. What appeared as Wehrwirtschaft was, therefore, from the outset an investment in the business of national imperialist expansion. The distortions brought about by the creation of such an ever-growing field of investment must invariably increase the strain of the existing disproportions, yet they are offset by the successes of the expansion program. As the disproportions grew larger and larger, however, the field

of expansion, too, had to grow larger at an ever-increasing rate. The necessary consequence was war.

War economy was not, therefore, the necessary consequence of a controlled economy in the way that sanctions were the accepted consequence of the decision to embark on a program of autarchy. War economy was a new feature that grew out of the decision to switch policies when the "natural" and intrinsic sources of inward and outward expansion were exhausted. It implied a return to the pump-priming methods of the second period and called for a new set of bureaucratic controls which were mainly concerned with limitations of consumption.

VII.

Schematically we find, therefore, four periods and two transitions: 1.) the introductory stage of experiments and class struggles where the state was used for different economic ends first by one class and then by another; 2.) the stage of "Keynesian economy" where mercantilism was combined with public works and pump-priming; the state deliberately refrained from direct economic activity; 3.) a period of "revolution"; a.) the state took over a certain amount of business which subsequently returned to private entrepreneurs; b.) the state enlarged and systematized the field of planning and control; c.) the state and entrepreneurial class merged. 4.) the stage of "conditioning measures" when autarchy led to the creation of "inner expansion" and reconstruction; 5) the transitional stage of imperialist expansion; 6.) a final return to "war economy".

The system which has finally emerged from these developments reveals characteristics of all the various stages. This system is a "corporate community" in that state and party officials share in property and managerial functions. It is a "Keynesian economy" in that the state is the greatest consumer, and pyramid-building represents a considerable percentage of national output. It is "war economy" in that the problems of autarchy and of establishing new large-scale industries are resolved with the help of the state. It is a capitalism based on "conditioning measures" in so far as its development and expansion, as well as the forms and symptoms under which the abstract laws of capitalist economy are allowed to become manifest, are determined by state intervention and the monopolistic agreements of corporations.

From another point of view the totalitarian system as we know it today may also be called "managerial capitalism", since the decisions dictated by technical and economic considerations are no longer hampered by the rights of ownership and title holders. Yet it should be emphasized — speaking of "managers" — that the true technical directors have nowhere acquired the disposing power of technocrats; the real power rests mainly with economic and business managers.

The new system might also be called "managed capitalism" or a "political capitalism" for the reason that behind the efficiency of the system lies the merger of political with economic power on a national scale. One may also speak of "abstract" or "totalitarian" capitalism because of the fact that the economic laws of capitalism control the economic developments of the system without any interference from such "faux frais" as capitalists and holders of rent-income.

Finally, it may be called "pure capitalism" because profit is entirely transformed into rent and no longer determines the rate of investment and accumulation. The true law of capitalist accumulation is rising to the surface of economic development: the proportions of the "schemata" (as developed in the second volume of Marx's *Capital*, in Rosa Luxemburg's *Accumulation of Capital*, and Hilferding's *Financecapital*), that is, the pure necessity of expansion, the law of declining profit rates, the law of concentration, the increasingly higher organic composition of capital — these govern the policies of the big corporations and the state's "planning" departments.

But why quarrel about names? Political reasons might even militate in favor of calling the system a "state economy" in order to emphasize its political rather than its economic characteristics. And now after roughly tracing the origin of the system a scientific analysis should describe its functioning, its working and its tendencies. This will be done in a second article.

H. Bruggers

TWO MEN IN A BOAT — NOT TO SPEAK OF THE EIGHT POINTS

If God is a great mathematician as some scientists believe, our lesser gods seem to be engaged in a sort of numbers game. Wilson had his 14 Points, a relatively high number compared with the 8 Points (plus two on the sly) of Churchill and Roosevelt. The oft-bewailed deterioration of the intellect seems now to be a fact; today it takes two men to count up to eight. But the superiority of the free spirit of democracy over the dark forces of fascism is still assured, for in their counter-declaration Hitler and Mussolini were able to count up to only four. This modesty, however, might be explained by the fascist leaders' inability to overcome their "proletarian" past.

Like all meetings of statesmen the Churchill-Roosevelt Conference served two purposes: to decide first what to do and second what to say. The first decision of course has nothing to do with the second. As far as the public is concerned the meeting was a mere propaganda stunt. Real pacts are not publicized. What is published is what the authors of pacts want other people

to understand. The Eight Points of Roosevelt and Churchill are utterly meaningless save as a renewed declaration of war on the Nazis. They are also meant to suggest to those nations not as yet actively engaged in fighting, or still pondering the question of whether or not to line up with Germany, to think twice in the face of Anglo-American determination to see the war through to a victorious end.

In order better to understand the full implication of the Roosevelt-Churchill meeting, it might be well to review the events of the recent past. The Anglo-American bloc has lost two great battles, one in France, the other in the Balkans. Notwithstanding the relatively easy victory in France, Hitler was not able to follow through with an invasion of England. Whether or not this was an "error of necessity" we do not know. At any rate the war continued. With the end of the Balkan campaign almost the whole of Europe was in the hands of the Germans. The *Blitzkrieg* proved itself even in the difficult terrain of Yugoslavia and Greece. In fact, the rapidity of the German advance surprised Hitler himself. The day his battalions began to march he pointed out that the going would be difficult and that such surprises as occurred on the Western front should not be expected. Yet all was over in about three weeks.

After the Debacle

The more optimistic Allied spokesmen had hoped that the Balkan campaign would become the turning point of the whole war. Forced to fight on "two fronts," Germany would be in a position similar to that in the first world war. Though it was difficult to recognize a "second front" in the sea and air activity against England and in the engagement of small forces in Libya, careless commentators nevertheless predicted a German defeat. The Balkan front was considered a bridge-head from which the invasion of Germany could finally be launched. Only after the debacle was it said that the whole affair was after all of small importance, merely a question of the salvation of the Yugoslav soul, the Greek tradition and the honor of England. The battle of the Atlantic again became the "really decisive one" and it was pointed out that Hitler's "seven league boots are not watertight."

More cautious politicians among the Allies expected the campaign in the Balkans to last several months at least. Undoubtedly they had been encouraged by the Italian difficulties in the Greek campaign. But it was the precariousness of the Allied situation rather than over-confidence that made them accept the fight. They must have hoped that a prolonged struggle in the Balkans would draw Russia and Turkey into the melee. But these two nations were too deeply convinced of England's essential weakness and of America's inability to determine events. They preferred to wait rather than to gamble with the imperialist book-makers. The previous successes of the German army weighed heavily. And the Germans nourished the illusion that a benevolent neutrality would be highly rewarded later on. They did not demand military participation on their side. So the waiting-policy

seemed the better one; and there would still be time to jump on the victor's band-wagon, if a victor should emerge.

Modern warfare can successfully be waged only by industrially highly developed nations. Necessarily the war centers around America, England and Germany. All other nations can only be minor partners to one or the other major war camp. The action of lesser nations are determined by the interests of their ruling classes, their geographic position, their value to the great contestants and by the abilities of the latter to supply and support them. Greece, for instance, waged war against Italy and Germany because England controlled the Mediterranean. The British need for allies in that territory put Greece in a favorable position. English dominance and its acceptance was profitable for both the English and the Greek ruling classes. Besides, British troops could reach Greece with or without her consent. A German and Italian occupation involved, however, not only territorial losses but also the end of all privileges connected with the English alliance. However willing to fight the ruling classes in Greece might have been, yet it was England and Germany that forced the issue.

The defense of ruling class interests in Yugoslavia coincided with the war designs of the Allies. Yugoslavia was, however, divided by national rivalries inherited from the last war. With the help of demands by Hungary and pressure by the Croats, Germany tried to enforce her will on the Serbs. To give in to German demands would have meant the slow destruction of all Serbian influence in Danubian Europe. On the other hand, a successful Serbian defiance of Hitler would have stimulated all the suppressed anti-Germanism in the Danubian countries. To induce Serbia to resist Germany was of the utmost importance to England and America. But it was also the logical course for the Serbian ruling classes unless they wished to abdicate freely and forget their aspirations. The date of the struggle, however, was fixed by England and Germany.

The Balkan war was England's war underwritten by the United States. The German victory strengthened her position greatly. It was to be expected that the Germans would turn their victory into an initial step towards the Suez Canal and the oilfields of Mossul. A defeat for the Allies in the Near East following upon one in the Mediterranean could turn out to be as disastrous as the invasion of England itself. The defeat of Chamberlain-England had been augmented by a defeat of the England of Churchill. The defeat of France had been laid to the appeasers. But the Balkan debacle was Churchill's responsibility. Resistance had proved as much a failure as appeasement. Discouraged, the British might come to terms and Hitler was determined to help them do it.

Hitler as Peace Angel

Like the Romans who conquered a formidable part of the world in a mere "defensive" struggle, Hitler claims to wage war for the sole purpose of establishing a lasting peace. Europe, he says, alternated consistently

between war and peace because of the disruptive "balance-of-power" policy of Great Britain. At the same time, though England is proclaimed the source of all evil, all of Hitler's peace offers find their way to London. In a speech before the German *Reichstag* after the Balkan war Hitler complained:

"All my endeavors to come to an understanding with Britain — in fact, to arrive at a lasting and friendly cooperation with her — were wrecked by the desire and the determination of a small clique who — either through hate or avarice — rejected every German proposal for an understanding. They were resolved to resort to war whatever happened. Their endeavors received the most powerful support both openly and secretly from the so-called great democracies on both sides of the Atlantic."

Hitler offered the establishment of a German-English partnership for the control and exploitation of the world on the basis of an uncontested German rule over continental Europe. He hoped to convince the British that such a situation would correspond with their own interests, and he found men in England who agreed with him. All that was necessary was to make those who remained reluctant to see the light. He produced the fact of a German-controlled Europe. He threatened the Empire by attacking in Africa. He demonstrated with the conquest of Crete that there are no "invulnerable islands." British shipping was being destroyed on a progressive scale. Clouds of airplanes darkened the sky and lighted the ground of England. But all without avail. The English could not be convinced either of their weakness nor of German strength. In speaking to the *Reichstag* on May 4, 1941, there was a tone of disappointment in Hitler's victory speech:

"If any other man (except Churchill) had experienced as many defeats as a politician and as many catastrophes as a soldier he would not have remained in office six months unless he also possessed the sole gift that Mr. Churchill possesses: the gift of lying with a pious expression on his face, and of distorting the truth until finally glorious victories are fabricated from the most terrible defeats. In this way Mr. Churchill may be able to throw dust in the eyes of his fellow countrymen, but he cannot eliminate the consequences of his defeats. The fact that this man who would be court-martialed in any other country gains fresh admiration as Prime Minister in his own ...is merely proof of that blindness with which the gods afflict those whom they are about to destroy."

No doubt Hitler felt himself cheated of his victories. He was actually fighting for peace. Not for an everlasting peace, but for a peace that would give Germany another "creative pause," that would allow her to consolidate her gains, to develop new strength on a larger scale in order to make the next step from the dominance of Europe to the dominance of part of the world. The first step had to be taken against England, the second was to be made with England's help. America's early entrance into the war, however, changed the whole situation. The English "appeasers" faced not only the "anti-fascist" English imperialists but the United States as well. The fight against England turned into a German-American struggle for England. The war began to shape itself into one between continents. After the Balkan defeat the U. S. Secretary of the Navy's *Chicago Daily News* (4/21/41) wrote:

"The European phase of the war is over, temporarily, and Hitler won it. From this point on the war, if it goes on, must become a war of continents — truly a world war. The battle of production here in America is the most important battle, the really decisive battle, of the whole war from now on."

The further pursuit of the war became the exclusive responsibility of the United States, a fact that Roosevelt willingly acknowledged.

You Cannot Trust Hitler

To find out why Hitler's hopes for an appeasers' peace came to nought we must look back into history. We will find that not mere ideologies but social and economic forces determine the character of the present war. In many ways this war is a replica of the first world war. The direction of the German expansionist policy prior to 1914 was symbolized by the attempted construction of the Berlin-Baghdad railway and by the Kaiser's naval program. Germany was making inroads into the interest spheres of British imperialism. The dream that occupied imperialists at the beginning of the century became the goal of all the leading German parties during the war. In 1916 the spokesman of Social Democracy proudly announced in the German *Reichstag* that

"The peace which seems possible today will leave Germany and her allies in the eyes of Europe as a group of powers, whose spheres of economic control extends from the marches of the Elbe to the waters of the Persian Gulf. Thus Germany will have won by her arms the kernel of a great sphere of economic control, worthy to be set as a closed economic territory by the side of those of the other world empires."

The military defeat destroyed the realization of the dream but not the dream itself. But the defeat served as a great lesson. It was clear that the strength and resources of Germany were no match against a coalition of all the other great powers. The first prerequisite of winning the second world war was to prevent the recurrence of such a coalition. This idea was back of the bewildering German diplomacy during the days of *Weimar*, as well as in the *Third Reich*.

The same "balance-of-power" policy which, according to Hitler, turned Europe into a warring camp, also provided for the comeback of German imperialism. After the first world war England became Germany's "friend." Lord Palmerston had been right: England's enmities and friendships are not for eternity; only her interests remain invariable. It was in the interest of Britain to have Germany strong on the Continent and weak as an imperialist competitor. It was to England's interest that France should continue to be dependent upon England, unable ever to control Europe on her own account. Germany had not only to serve as a counterweight against French ambitions, but also as a threat to Russia's expansionist designs in the Far East. It can be said that the re-armament of Germany was really undertaken by the Macdonald-Simon Government in London. The German submarine construction really got under way only after the English-German

Naval agreement of 1935. So, although Mr. Thyssen might flatter himself that he and his colleagues paid Hitler's way into power, the monster of German imperialism was created by the British Frankenstein.

Of course one must not conclude that it was merely the selfish stupidity of English statesmen that led to the resumption of the war. England was quite convinced of her ability to control the Germany she strengthened. Capitalist statesmen will not understand that the force of the economic world crisis is more powerful than all the power and cleverness of politicians. The job of politicians is to proceed *as if* they really do determine events. Still, their clear eyedness might turn into utter blindness not, however, because they are really blind, but because politics not history is made by politicians. History is made by all.

In addition, England had insured herself heavily against the possible loss of control over Germany and Europe by a change of policy towards the United States made as early as 1917. England's policy was of course also determined by the actions and counter-actions of other nations. To a certain extent Germany herself could exploit English needs both as a protege and as an enemy.

If England helped in the reconstruction of Germany, Hitler was convinced that an understanding with Britain was a necessity. If England's friendship was limited, not so Hitler's. He thought it sheer folly to think of fighting England again, but he also thought that Germany and England together could rule the world. The arch-enemy was France. It was France who had been responsible for the harshness of *Versailles*, had prevented the *Anschluss* with Austria, had insisted upon reparations, occupied the Ruhr and encircled Germany with the *Little Entente* and an Eastern Pact. The desire for revenge need not disturb British interests. The expansionist aspirations of Germany could find an outlet in Central Europe, through peaceful trade-penetration into the Balkans and possibly by taking from Russia's manifold riches.

There were appeasers in England who began to weigh the value of a closer cooperation with Germany. The world crisis had somewhat shaken their confidence in the security of capitalism. It was certainly worthwhile to make some additional concessions to Germany to ease the tensions of Europe. Political unrest gripped the world; it might lead to great social upheavals in those nations that suffered most from the crisis. To support Hitler was to support the capitalist system proper. It was the reactionary side of Hitler that appealed so strongly to the British ruling class.

Hitler understood his position as well as what his English admirers wanted. When the radical elements within the Nazi movement began to disturb the English capitalists, he hastened to assure them by way of the London *New Chronicle* that "under certain conditions and in the interest of the cause he was ready to divorce himself from his old friends and early party comrades." His cause was still the cause of England and when he

served the cause, the *London Times* (7/2/1934), commenting on Hitler's bloody party purge, did not spare the applause.

"About Hitler's methods one may think as one likes. Yet, Hitler has shown his honest determination to change from a revolutionary to a sober constructive policy. Although coming to power by force, this power is now used to destroy all radicalism based on force."

What aid England granted Germany in order to safeguard her own interests turned into just so many Hitler victories. German pleas changed into requests and then into demands. As long as those demands concerned the property of others and did not disturb vital British interests, it was good business to appease Hitler. There was no hurry about calling a halt to his appetite. British resistance was low because her fears of Germany were small. There was no reason to doubt that after Munich Chamberlain was deeply convinced that he had managed to gain "peace for our time," that is, peace for the English. There is no reason to assume that Hitler lied when he insisted that he had no further territorial demands. He probably did not have them on that particular day. But neither Chamberlain nor Hitler were masters of the situation; the situation mastered them.

With the Sudeten region in German hands it was easy to take the whole of Czechoslovakia. Its incorporation into the *Reich* opened the gates to the Balkans. The Balkans led to the Near East, the Near East to India. What in Germany had begun as a struggle for the restoration of pre-Versailles borders and for economic concessions to keep the capitalist system and Hitler's regime alive, led necessarily to the same situation that initiated the war of 1914. Because Hitler could not be controlled, because he could not control himself, all imperialist forces of the world were released once more.

Germany's determination to overcome the economic crisis by way of expansion revived the danger that all the major imperialist powers would once more combine against Germany. Those nations had to be divided among themselves; they could not be taken on all at once. The proper timing of actions, surprises and sudden turns, the *Blitzkrieg* methods, an unprincipled diplomacy, might prevent combined action against the Nazi drive. Certainly Hitler could not be trusted, but neither could anybody else be trusted. At what point would the appeasers turn into warriors? What unknown agreements had been reached? The Nazis gained confidence through easy victories. Yet the French had confidence, too, in their Maginot line. The British had confidence in the French Army and the combined sea power of England and America. They had not been fooled by Hitler's earlier antics. Why should they be fooled now? They had laughed when Hitler, during one stage of his development, had suddenly scrapped the idea of revenge against France, when he proclaimed, in spite of all that he had written in *Mein Kampf*, that he had always held that a Franco-German rapprochement was more important than an Anglo-German one. They had not been disturbed by the splendid relationship between the *Reichswehr* and

the Red Army, the less so as this relationship had been maneuvered by the British themselves. England was certain that neither France nor Russia would fight on Germany's side. They did not believe that Hitler would dare to attack, as Hitler did not believe that they would dare to resist. But the bluffers were caught in their own bluff.

Since the days of Napoleon England has been convinced that a united Europe means the end of England's privileged world position. Europe must always be divided, nations must remain nations. Despite his hatred for bolshevism it was Lloyd George who sent Lord Lothian to Lenin to make certain that bolshevism in Russia became and remained a *national* bolshevism. By securing Lenin's rule he created Hitler's *national* socialism in advance. Through a policy of proportioning the strength and opportunities of the decisive European powers England determined the question of Europe's peace or war. She knows that ruling classes might fight together but that they do not combine, as combinations imply liquidations. A German-Russian unification would mean the elimination of either Russia or Germany. The same would hold true for a Franco-German combination. Britain knows that the United States of Europe cannot be realized through the agreements of statesmen but, if realized at all, only as the result of enormous struggles that give Europe to the victor.

In each country the interests of the ruling classes are closely bound up with the nation's previous history, existing relations, and its particular position within the frame of a given world situation. Any change of borders, activities, alliances, losses, and opportunities affect the ruling classes deeply, because all existing relations are power and property relations. All external shifts and struggles are thus undivorceably connected with internal shifts and struggles between the classes and within the ruling class. To recognize this fact, one has only to think of the series of social and political upheavals that took place in the process of bringing a small country such as Rumania into the German fold, of the turmoil in France that accompanied the attempts to coordinate the French and German interests, of the butcheries in Russia, long before the outbreak of the war, the changes in Germany that accompanied the new imperialism, the mixture of revolution and imperialism in the Spanish civil war, and so forth.

The interests of the diverse ruling classes in the various European nations prevents a European unification by agreement. The defeat of a nation is the defeat of its ruling class. In so far as nations can "disappear" at all, its ruling classes also disappear. "Defeat" is only another term for the concentration of capital in fewer hands. War has to decide whether these hands belong to French, Russians, or Germans. All that England had to prevent was not a European war, but the decisive defeat of all European nations by one. The chances for such an occurrence seemed slim in 1939. Yet, thoroughly frightened by the temporary nearness of a German victory during the last war, England prepared diplomatically for all eventualities. Her policy followed two general lines. One was a quasi-independent European

policy in the traditional manner, the other the creation of an Anglo-American world bloc of resistance to Europe if it should come to the worst.

The antics of the politicians produced "crisis" after "crisis." Who would outbluff whom? Each one fought for peace on his own terms, all thus fought for war. But the "crises" the politicians produced were only the results of the crisis that existed independent of their doings, that determined their actions and forced them to play their ridiculous diplomatic game. The world trembled through the contradictions of the economic class system it supports. Vast changes must be brought about by human actions. These actions, however, are determined by nationally-orientated class and group interests and are thus competitive actions, actions of war.

The armament race gained new impetus. The weaker a nation is in an economic sense, the greater the need for superiority in arms. Yet, the very weakness of such a nation hinders such superiority. Its expansion in armaments must simultaneously be an economic expansion. *Under existing conditions economic expansion is possible only through territorial expansion.* Once this process is under way, more and still more arms are needed to consolidate the gains. The process is cumulative. These forces, set in motion, cannot be stopped short of their destruction by other, still greater, forces, or through utter self-exhaustion.

The nations which are unable to prevent the advance of others enter the armament race. Appeasement is only the first phase of war. The general armament caused by a particular nation's superiority in arms inevitably destroys the basis for all non-martial procedures. In capitalism it is either the *status quo* as the result of a previous war that rules, or it is a new war. The politicians may believe that they decide events, yet it is the war, as previously it was the economic mechanism of capitalism itself, that moves the movers, controls the controllers. How, under such conditions, can Hitler be trusted? He can no longer trust himself. He ceases to understand what he is doing. And this he shares with all his enemies.

British Imperialism: Old and New

Lord Palmerston's maxim that nothing but the profit counts — which expresses not an English but a general attitude — said nothing about the self-development of this invariable interest. His saying relates, furthermore, to a stage of English imperialism now past. The new imperialism speaks not only of opportunities but also of eternal friendship, i.e., of a "union of the English-speaking people" that is to rule the world. This idea is of course not new; but it meant something other during the days of the old imperialism than it means today. Who does not smile today when he reads the proud descriptions by English capitalist apologists like Stanley Jevons who wrote in 1866:

"The several quarters of the globe are our willing tributaries. The plains of North America and Russia are our cornfields; Chicago and Odessa our granaries, Canada

and the Baltic our forests; Australasia contains our sheep farms, and in South America are our herds of oxen. Peru sends silver, and the gold of California and Australia flows to London; the Chinese grow tea for us and coffee, sugar and spice arrive from the East Indian plantations. Spain and France are our vineyards, and the Mediterranean are our fruit gardens; our cotton grounds, which formerly occupied the Southern United States, are now everywhere in the many regions of the earth."

How funny it is today to think of Cecil Rhodes' "Secret Society," the purpose of which was to "realize British rule all over the world and to bring about the recovery of the United States of America as an integral part of the British Empire." This same process has meanwhile turned into an "Americanization of the World." This change of character in the hoped-for union of the English-speaking world was initiated by the first world war and is now vigorously pushed forward by the second.

The reason for this transformation is the development of capitalism itself. England's rule was based on the weakness of other nations. It was difficult to break her early industrial and trade monopoly. But only in her colonies has she been able to prevent important industrial development, that is, to live up to some degree to the elder Pitt's postulate that not a single nail should be produced in English possessions. Through colonial exploitation and her early start in industry Britain could undersell wherever competition was not hindered by military means. Because she was the workshop of the world free-trade was her philosophy. It was free trade that secured her monopolistic advantages. Europe's struggle against England, as well as the American War for Independence, were attempts to break the English monopoly that hindered the capitalization of other nations. And it was through these struggles rather than through free-trade that the world market came into being. Because "power is more important than wealth" as Adam Smith once remarked, it was possible — so to speak — to develop capitalism in spite of the capitalists.

The growth of world capitalism diminished the world importance of Great Britain. Yet her favored position was seriously challenged only during the first world war. The first attempt, as Napoleon himself confessed, had been quite utopian as there did not exist at that time a real basis for the unification of Continental Europe. In order to defeat the German challenger in 1914-18, however, it was necessary not only to rely to a great extent upon American production but on her military support as well.

At the end of the last century America began to display imperialistic designs of her own. But she was still a debtor nation, a nation largely dependent upon agricultural exports. She was a secondary power. The war changed this quite suddenly. America's rise to a major power was, to be sure, inevitable, but without the war it would have taken considerably longer. Out of the war America emerged a creditor nation, ready and able to export everything and to invest capital abroad. She was on the verge of surpassing all other nations, Britain included. The world crisis of 1929 called a halt to this development but increased the need for further im-

perialistic expansion. In the grip of the depression the general development changed into general stagnation, but the positions of the nations relative to each other remained largely the same. The war had obviously been won by the United States. To quote just one item of many: In 1913 England controlled 60 per cent of the world's foreign investments; in 1936 only 50 per cent. During the same period French foreign investments dropped from 25 per cent to 10 per cent, and German from 15 per cent to minus 6 per cent. That is, Germany was in debt abroad. U. S. investments, however, rose from minus 12 per cent to 25 per cent.

Britain still remained, nevertheless, the richest country in the world. She was only tending towards decline, but this unmistakably. Not only were her foreign investments shrinking, her profits from abroad diminishing, her trade with both the outside world and her colonies declining, but her political prestige and her indirect control over other nations were slowly going down as well. It seemed that in the not so distant future the British Empire would cease to be an Empire. The Dominions became more and more independent; India clamored for Dominion status. The forces of capitalism itself destroyed England's unique position that had been based on out-moded conditions.

Free-trade no longer favored England. Tariff policies created home industries in the developing nations able to challenge English rule. The political strength of these nations increased. Even the colonies and the suppressed races of the world saw the dawn of a new day. The cry for self-determination and capitalist liberty arose everywhere. Great national movements mixed with the struggles of the great imperialist rivals. During the war, the controller nations could not help fostering the development of their possessions. Nationalistic movements were further fanned — for a while by Russia, then Germany — in order to exploit them for the needs of these countries. In brief, the continuance of the old imperial rule of Britain became increasingly more problematic.

Farsighted politicians learned to understand during the last war that the days of Cecil Rhodes were gone for good. Yet it was difficult to accept the new situation. Up to the last England attempted, and even now tries at all cost, to maintain as much as possible of the old glory and privileges. This allowed for a number of illusions, among which was the half-truth — based on the completeness of the German defeat in 1918 and the temporary disappearance of Russia as an imperialist force — that the next great war would be one between England and America. These were the two great capitalist rivals, almost equal in strength and equally determined to rule the world. In the course of time and in accordance with the rules of capitalist competition they would have to clash.

The European nations did not participate in equal measure in the post-war prosperity that came to an end in 1929. However slowly, England herself was running down. American mass-production, brought to a climax during and shortly after the war, was not equalled by any other nation. It

spelled the end of English rule, for it was clear that England must export or die. She must invest abroad or face ruin. Her economy is determined by her dominance in the capital market and by her large contribution to international trade. England cannot become self-sufficient. Even if the agriculture of golf courses should be changed into agriculture pure and simple, it would not suffice to keep the population alive. Yet her exports, vital as they are to her existence, declined steadily. All the expansion there was was inward. No increase in foreign trade resulted. She would have to stop the American competition or cease to exist, as a main capitalist power. Thus ran the arguments. Even in purely physical terms, not to mention the requirements of a progressive capital accumulation to escape permanent depression conditions, it seemed obvious that England's real enemy was the United States.

In self-defense England would be compelled to come to a closer understanding with the Continent. Indeed, England's policy supported this reasoning, for her relations with Japan, for instance, were clearly designed to hinder American expansion in Asia. Her South American intrigues opposed, first of all, American interests. However, there was no sense in granting Japan what she denied the United States. So she supported Russia to keep Japan in check, and Germany to keep Russia in bounds. France was assured that the Rhine would always remain England's frontier. In turn, American statesmen had to be assured that England's competition must not be taken seriously, that it was a mere business proposition which would not at all invalidate close political alignment. A complicated situation no doubt, but then such is the capitalist world.

There exist forces in Britain of course whose interests strictly oppose those of America and this to such a degree that if the question of subordination were raised at all, they probably would prefer to be subdued by Europe rather than by America. These forces play no important part in English politics, however. Britain is large enough to harbor all kinds of interests within her realm. But the variety of interests that English rule incorporates makes for the most chaotic and contradictory lines of British procedure. It seems at times that this chaos of variegated interests can never be bound to one particular and persistent course. The American writer Guerard once described this situation by saying:

"It is only in retrospect that the English rationalise their drifting into a national purpose. England has no single principle of action, not even 'sacred egotism'; she has at least five and they are incompatible. It is not 'perfidy' it is inner contradiction. England was honest when she promised to evacuate Egypt, and honest when she constantly refused to do so; honest when she pledged her support to France in case of aggression under the Locarno pact, and honest when she reminds the world that such an agreement is to be taken only in a Pickwickian sense."

One of the reasons for the persistency of English democracy lies in the complicated composition of English capitalistic interests. So that Britain and the Empire shall not fall apart, accumulated frictions have to be dissipated

through shifts of policies which, from any other view, remain un-understandable; by governmental changes that eliminate pressures of economic groups which would disturb the needed internal balance. In brief, a balance-of-power policy similar to that employed in foreign affairs appears as a democratic inclination in internal and Empire politics.

Notwithstanding all this, as soon as the balance-of-power in Europe breaks down, all these variegated interests combine, because the necessity to resist at all costs the domination of Europe by a single power prevails for most of them. The absence of such a threatening situation was the reason for the lack of English unity against the outside world. This lack of unity was not a weakness but a luxury.

So long as Britain was not threatened on the Continent, she could use all her remaining strength to make her further retreat before America as painless as possible for herself and as hard as possible for the United States. But in the case of a unified Europe, Britain would clearly be at the mercy of the United States; she would cease at once to be on equal terms with America. She would no longer be able to fight independently for the maintenance of her position, for she could not attack the United States without inviting defeat by Europe, and she could not fight Europe unless supported by the United States. She would not have the choice between Europe and America, because an alliance with Europe would transform England into a mere outlying province of the far more powerful nation that controlled the Continent. There would be less to lose through the acceptance of American protection.

Despite all the remaining rivalries between England and America, the Anglo-American alliance during the last war showed the real direction of Britain's future imperialist policy. At an important British war conference in 1917 it was pointed out that the co-operation of the Anglo-American fleet would have to continue after the war. Only in this way could a recurrence of the situation that had led to the war be prevented. It was further said that to rule the seas is to rule the world and that meant that the two most powerful navies must work together. No other nation must ever be allowed naval parity with either England or America. Thus Anglo-American co-operation would hopelessly outnumber any and all nations. Though dressed in terms directed against Germany, this principle was a declaration of war on the part of England and America against the rest of the world.

The idea of a permanent Anglo-American alliance penetrated American war propaganda as well as British. It was now maintained that the policy of both nations was identical, faced as they were by the danger of European unification through Germany's military expansion. In his book *The Defense of the Empire*, Norman Angell illustrates this point quite well. Germany, he writes,

"which had annihilated France as a great power, overcome Russia, opened the roads to the East through Slav territories and the Near East, was in a position to occupy, when she would, the Continental parts of the narrower seas — such a Germany would

have been master of our policy: irresistible. We might as well, in such contingency, have had no armaments at all, because the outcome would have been a foregone conclusion... Even distant America, at the period of the German onslaught, was stirred, by the same spectre, of this growing Germanic power. One of the most effective bits of war propaganda in the United States was a map of Europe showing pan-Germania dominating the whole."

America's refusal to enter the League of Nations was directed not against England but against Europe. Austen Chamberlain reassured the House of Commons in 1929 that in all important questions of international relations, legal or otherwise, Anglo-American conceptions stood together and in opposition to those of Continental Europe. The Dominions were even more than the mother country interested in the continuation of the alliance created by the last war. Canada of course had no other choice. But notwithstanding the continued commercial rivalries between England and America in Asia, fear of further Japanese expansion prompted Prime Minister Hughes of Australia to say on the eve of the 1921 Washington Naval Conference that he would "salute with satisfaction every American warship laid down in the ship yards." In 1936 Winston Churchill, in an article on Naval Policy, vehemently opposed all those who insisted upon naval parity with the United States. He pointed out that a big American navy, exceeding even that of Britain, was exactly what England needed to feel secure.

Events have meanwhile shown that against all appearance to the contrary the Anglo-American bloc of 1917 continued to constitute the basic policy of both nations. They could not unite, for as we said before, combination implies liquidation, but they could work openly and under cover against a third force that seemed detrimental to their interests. It is clear, too, that the capital mergers which progressed with the spreading of American investments supported a common policy with England rather than any sort of solidarity with the crisis-ridden and bankrupt European nations. American capitalists began to look on England as if she were their own country, just as the English had once looked upon America as lost territory that had to be regained. Despite jokes about Yankee coarseness and English nobility, there was much intermarrying. The frictions that remained were family frictions, internal struggles for economic and political advantages, rather than rivalries between two imperialist nations.

The End of Appeasement

But what about Chamberlain and the policy of appeasement? What about the Nazi hope of coming to an understanding with the umbrella-men? It might well be that the Nazis, like most of the Marxists before them, overrated the importance of the existing frictions between Britain and the U.S.A. But whether the Nazis seriously engaged in wishful thinking about an Anglo-German collaboration or not, they had to consider and make ready for an Anglo-German war.

The Nazis' desire for a friendly solution of the issues at stake was largely of a propagandistic nature. It was in line with anti-semitism in

Germany and abroad, with their support of the nationalistic aspirations of the Hungarians, Croats, Bulgarians, Finns, Arabs, with all the other devices that spread confusion and disunity among their actual and potential enemies. Her repeated willingness to come to terms with Britain led astray many diverse elements: those English politicians who preferred a European orientation, those who thought themselves, as did the German capitalists before them, capable of controlling and using the Nazis, and those who expected that things would eventually straighten themselves out. And of course the threat of a possible Anglo-German collaboration led to bewilderment in France, Russia, and the United States.

In view of the tremendousness of the issues for which this war is fought, all these propagandistic devices seem to be quite insignificant. Yet Germany cannot afford to overlook even the smallest item that may work in her favor. Against a powerful coalition of enemies Germany is indeed extremely weak. She has no navy capable of opposing the combined sea power of the allies, no comparable productive capacity or raw material sources, not even man power. To be able to fight the United States with any possibility of success, she must first subdue the whole of the European Continent — a very difficult undertaking in the midst of war. What she lacks generally she has to make up for specifically with better organizational methods and greater efficiency. The superiority of the German war machine — of which diplomacy and propaganda are a part — is based on her inferiority in other respects. This situation is not a recent one but has accompanied the whole of German history and explains her stern military tradition.

However, it no longer matters whether the Nazis seriously believed in the possibility of an Anglo-German collaboration, or whether the idea was mere propaganda. More interesting is the question as to why there were people in England who preferred an appeasement policy. Some of the appeasers went quite far in their readiness to satisfy German demands. Mr. Garvin, for instance, urged consistently in the English *Observer* that Central Europe and the Danubian countries should be brought under German control in order to secure a lasting European peace.

“Under German control” did not, however, mean the outright annexation of the Danubian countries by Germany, but a sort of economic union that, by relieving temporarily the tension in Germany, would without doubt increase the tension between Germany and Russia, as the latter nation would be most directly threatened by a German penetration into the Balkans. Behind the willingness to grant far-reaching concessions to Germany was both the desire to keep England out of war and, if a war should be unavoidable, the desire to have it occur in the East. Such a war would interrupt Germany’s march to the Near East. She would instead turn into the Ukraine. It would appear easier to the Germans to expand at the expense of Russia than to face once more the combined forces of France, England and America. Hitler himself had spoken ecstatically about what

Germany could do with the wheatfields of the Ukraine, the oil of the Caucasus and the minerals of the Ural mountains. Furthermore, a number of study commissions had spent some time in Russia and had returned convinced that it would not be an easy task for Germany to subdue the Bolshevik regime. Thus with the possibility of a prolonged and exhausting war between Russia and Germany, peace and strength could be preserved in the democracies. In the end the democracies would be able to control further both Germany and Russia, regardless of the outcome of their war.

Behind this reasoning there was no more than the inability to realize the full force of the new military power of Germany and the meaning of Nazi diplomacy, which was determined by a consistent distrust of all nations' politicians, and agreements — their own included. If the English appeasers hoped to solve their problems by re-directing Germany's expansion from one sphere to another, the Nazis made ready for a struggle in all the spheres that German arms could possibly reach. They were realistic enough to understand that they were facing a multitude of enemies as soon as they reached out to become the first European power. At the same time that they did all in their power to strengthen the belief that the direction of their expansion was towards the East, they prepared nevertheless for a war against the West. If, however, the Russians had not played into Hitler's hands, he most probably would have attacked Russia first, but without losing sight for a single moment of the inevitable struggle in the West. The Russian-German pact was no doubt the most important victory the Nazis ever won — the greater because it had been prepared by the enemy himself. The Russian-German pact was the direct result of pre-war English diplomacy. It was exactly the opposite from what had been intended by the policy of appeasement.

The appeasers wanted an alliance neither with Germany nor with Russia. Since Russia's power was overestimated and Germany's underestimated, it was reasonable to expect that a war between them would inactivate them for some time to come. Thus neither the fate of Austria nor that of Czechoslovakia could stir Britain to action. Lord Halifax could not see that the Munich agreement of October, 1938, had in any way been broken by Germany when she invaded Czechoslovakia six months later. In one of his speeches he pointed out that the Czech state "had ended its own life by internal disruption", and he admitted that "the architects of Munich had not contemplated the operation of the guarantee of Czech independence in a situation of this kind". But with the German attack on Poland and the signing of the Russian-German pact, the whole situation changed at once. Suddenly it was clear that Germany was either not ready for a major war, or was bent on an attack against the West.

At this time Germany was probably still trying to wrest further concessions from England and France without serious struggles. Both nations could either go to war or give Germany half of Poland and the whole of the Danubian territory. Germany would thus have had an enormous ad-

vantage in the European struggles which would have been merely postponed. France's military position would have been extremely weakened and the black-mailing tactics of the Nazis considerably increased. Just what was the situation? Did Germany feel herself too weak even for a war against Russia, or did she feel strong enough to risk war against the West? In the later case the war would be inevitable and its postponement could serve only the Germans. Thus there was no longer any need to weigh the question of peace or war. Over night the appeasers turned into warriors.

There was, however, still another element involved in the appeasement policy. This element should not be exaggerated but neither should it be overlooked. This was the fear on the part of private capital that it would face destruction in the course of another war. The English capitalists as a whole had gained nothing by the last war. On the contrary, their position had become increasingly more precarious. The war had led, furthermore to a state-controlled capitalist economy in Russia. Germany herself had come quite close to similar changes, and if the German revolutionary forces had succeeded, the whole European Continent might well have ceased to support a private capitalist economy. The turmoil of the first world war, as subsequent events proved, had not been sufficient to realize the potential threat, but who could be sure that a second world war could be terminated with equal success? Who could be sure that it had not been a mere stroke of good luck that secured the preservation of the traditional capitalist system after 1918? Would the exhausted Allied troops, desiring peace above all, really have fought against a powerful revolutionary wave that involved the greater part of Europe? And even if they had remained loyal to their masters, would they have been able to crush a revolutionary force? No one could be certain. Not even in 1918 since, at that time, the German army and parts of the Russian had not been disarmed. Though the Germans had lost the decisive battle in the West and were in full retreat, there had been no panic, the retreat was orderly. Besides, the victory of the Allies had been a costly one, expensive enough to make them accept an armistice instead of a triumphant march to Berlin.

What would a prolonged second world war bring? Ten years of depression had left their marks all over Europe. Even a second defeat of Germany might result in no more than a collapse of the whole European capitalist economy. Long before its conclusion, the war itself would in all probability lead to important social and economic changes in England as well as in Europe. It might endanger the Empire — there was the possibility of a series of national revolts. For the first time in capitalist history capitalists became convinced pacifists. They were unable either to overcome the economic crisis by means hitherto effective or to envision escape from the crisis by way of warfare. Just as they had learned to eat from their reserves rather than to attempt to increase their profits by further capitalist accumulation, so they became deeply interested in the maintenance of the political *status quo*. Not that they had ceased to be imperial-

ists. It was only that they could no longer act as imperialists without endangering the whole economic structure and the social institutions so dear to them. Out of the fear that they might lose as private capitalists what the nation might gain by imperialist actions, the more class-conscious of the old bourgeois class in Germany, England, France, and the United States as well hesitated to enter another war. The case of Thyssen only dramatizes this attitude that also came to light in the English appeasement policy and that still plays its part in the policy of American isolationists. A fascist revival at home in the exclusive interest of private capital would be quite desirable, but vast imperialistic adventures under the auspices of fascism would only hasten the transfer of economic and political power into the hands of the aspiring fascist elites.

The sudden shift in English policy in 1939 thus also indicates the degree to which the old capitalist power groups had already been displaced by new political forces, themselves capitalistic, yet in many respects distinct from that ruling class which fought the last world war. The strengthening of the state as against individual enterprise, the pre-dominance of "political" over "economic" power as a result of capital concentration and, more directly, of that concentration under prolonged crisis conditions, was a necessary prerequisite to overcoming in some manner the capitalistic stagnation and to launching a new series of imperialistic struggles. In Germany the fascist elites had already completely merged with the old capitalist class; in sociological terms the initiative in the war could thus fall to Germany. The fact that in the other capitalist nations this same process was also on its way helps to explain the sudden turn from appeasement to war. If England and France were sacrificing their capitalist interest in an increasing measure to Germany, it meant the slow destruction of private capital in the democracies, for this situation had to sharpen progressively the internal crisis in these nations which, in turn, would foster the fascization process. An appeasement without an end, and there is no other appeasement, even if it is designed to safeguard private capital, turns inevitably into a powerful lever for the further fascization of the world and the end of traditional capitalism.

In 1939 it must have been clear even to the most willing foreign Nazi sympathizers that the Nazis were neither the protectors of private capitalist interests in Germany, nor respecters of private or any other sort of property elsewhere. The imperialist drive of the Nazis spelled not only the end of her own "independent" bourgeoisie, threatened not only England's privileged position in the world, but forecast also the end of private capital in Britain. Further appeasement would have been suicide. Both from a national and a capitalistic point of view. War was once more the lesser evil. A defeat of Germany, administrated by all the democratic private capitalist forces of the world, may not only safeguard national independence and the Empire, may not only improve England's position in relation to Europe and America, but may also stop or at least slow up the capitalist transfor-

mation process towards a state-controlled capitalist economy, which eliminates the hereditary capitalist class.

Notwithstanding their reluctance to enter any war, the motivations of the English appeasers have always been a mixture of specific class interests and official British foreign policy. Both were fused, but fused in such a way that the emphasis given to one or the other was determined by necessities produced by the interplay of the numerous world forces. In other words, the emphasis upon appeasement to safeguard the prevailing English ruling classes could never become strong enough to lead, on its own part, to disaster. Appeasement might come to an abrupt end at any particular moment. The signing of the Russian-German pact was that moment.

It was clear that the German-Japanese alliance did not allow Russia to change her policy at will. England was thus threatened simultaneously in both Asia and Europe. Russia's inactivity would force England to appease Japan unless she would be willing to weaken America's striking power in the Atlantic and Europe by engaging her in an Asiatic war. America, the English ally, had thus to be restrained in her ambitious Asiatic designs. This was possible only by granting America far-reaching concessions. England's position was indeed a very difficult one. She was bound to lose from whatever situation might arise; her policy was restricted to creating conditions that involved the smallest loss. It was this difficult position in which Britain found herself that never allowed Stalin's fear that England and Germany might strike a bargain at his expense, to come to rest.

A war between Germany and the Western powers was indeed highly profitable to Russia, provided that it did not end with a rapid and overwhelming German success. But such a contingency was not easily thinkable in 1939. At least the risk to be taken appeared rather small. The war would grant Russia security for more time to come — time that could be used to speed armament production, to acquire strategical positions. Russia felt freer not only in regard to the West but also in regard to the East. Russian imperialism could only wax if all the other imperialist powers were engaged in deadly combat. Stalin's famous smile on the occasion of the signing of the German-Russian pact came directly from the heart. That smile brought to England the blood, sweat and tears that Churchill loves so dearly.

The Struggle for England

The full meaning of the diplomatic game that was played before the outbreak of the war came to light only in the course of subsequent events. Political cynicism is hidden behind high-sounding ideologies. No one in England could admit that Germany had been appeased in order to be deprived of her ambitious goals, that peace was to be maintained in order to foster a war profitable to Britain. Nor were the Germans willing to declare that their pact with Russia was designed to outsmart English diplom-

acy, that it would not change Hitler's attitude towards Stalin's Russia, and that the great "Christian Crusade" had merely been postponed. Nor was Stalin able to announce that he shook hands with von Ribbentrop because with "Asiatic cunning" he had just succeeded in double-crossing friend and foe alike and that he merely worked for the greater glory of the "fatherland" which, with a war between the imperialist rivals, would now really be in a position to "overtake" the capitalist world. Nor was America willing to lift the mask of neutrality and reveal its war-hungry face that had not changed expression since Roosevelt's quarantine speech of 1937. Thus the appeasers were taken for appeasers, the aggressors for crusaders, Hitler and Stalin were judged as two of a kind, and America was celebrated as the only civilized nation on earth. The innocent ones among the rulers and their subjects excited themselves on the apparent, not on the real, issues at stake.

What appeasement meant was revealed by its failure. How close to success the English had come in their attempt to drive Hitler into Russia had long been demonstrated by the Nazi-Polish non-aggression pact signed in 1934. This pact spelled the possible creation of a Berlin-Warsaw-Kiev-Baku axis against Russia. The Polish ruling class, however, encouraged by the French who feared a stronger Germany and so counteracted English plans, were deadly afraid, and justifiably so, that a strengthened Germany at the expense of Russia would only be the prelude to their own end. They preferred the bird in the hand to the two in the Russian bush and were not able to overcome their suspicion in favor of an alliance with Hitler. Up to 1939 the Nazis tried to win Poland for a war for the Ukraine. The last offer was probably made by Goering himself during his visit to Colonel Beck in January 1939. No agreement was reached and two months later the Nazis marched into Prague. However, Poland was still allowed to participate in the dismemberment of Czechoslovakia.

Out of the growing fear that German expansion might not be prevented, nor diverted into a war against Russia, England and France signed a pact with Poland to secure her integrity. Germany answered with the Hitler-Stalin pact. Thus the war which, as far as Britain was concerned, should have found Poland and Germany side by side against Russia turned into a German-Russian alliance for the new partitioning of Poland. The new world war had begun in earnest. And a few months later, to the amazement of everybody, France's military power was broken in a few weeks. Britain, now isolated, seemed to be lost.

However, at the moment when England seemed weakest her really powerful position in the world became at once manifest. At that moment, the unfolding of the war really began. Every capitalistic and nationalistic interest opposed to Germany practically entered the war. All that was now necessary for Britain was to "carry on" no matter what might happen. The most senseless activities as, for instance, the Balkan campaign of some time later, became reasonable undertakings. As long as the war continued, noth-

ing was lost that could not eventually be regained. The appeasers pushed themselves aside; a new defense effort was made. No peace with Hitler under whatever terms and conditions became the sole strategy necessary. Time had to be gained — time to allow America to arm herself sufficiently and prepare a new A.E.F.; time to organize the whole Hitler opposition all over the world and throw it actively into the war. Every interest opposed to Germany was now concentrated in the defense of Britain.

The destruction of England might prove to be equal to a vast "world revolution", though not necessarily one of a proletarian character. The consequences of an end of Britain and the collapse of the Empire are unforeseeable. But this much seems almost certain: that it would release nationalistic and imperialistic forces all over the globe which might well escape any kind of control. All ruling classes in all the world might be directly endangered. There would in all probability be a general rush of the numerous national and imperialistic scavengers to grab as much as possible in the re-division of the world initiated by a total British decline. America — prepared or unprepared — would act at once, and so would Japan and Russia. National uprisings in India and the Near East would mix with the general struggle for positions and resources. Manifold interests would clash. The whole world would become embroiled in warfare. The organization of the various operating forces would become impossible; alliances would collapse over night, all plans and procedures would be overturned. Chaos would rule; not only the necessary capitalistic chaos without which the capitalist world cannot exist, but chaos in an as yet inconceivable sense. Production of life-essentials would be further reduced; destruction would rule supreme. Revolutions would mix into the imperialistic and nationalistic struggles; in brief, a situation could arise that would escape all comprehension. The small-time "Nihilists" of the Nazi Party as well as the imperialist Babbitts recoiled before the spectre of the enormity of the possible world conflagration released with the destruction of Britain. They were not willing to accept the final consequences of their cherished social structure. They tried to re-organize the world in accordance with their specific capitalistic needs, to prevent its being thrown into complete anarchy. They proved to be able to enjoy the entrance to hell, not hell itself. Britain and the Empire must be saved either for German-Europe or for America. But it must be saved, it must not be allowed to fall apart and thus turn the whole world inside out.

Hitler must have hoped that the Russian pact, the rapid defeat of Poland and France and the invasion threat would convince the English ruling class that it would be better to accept the losses implied in an understanding with Hitler than to continue a war whose outcome pointed not only to the utter destruction of Britain but of the whole capitalistic world. Hitler's arguments were indeed powerful and convincing, yet no ruling class has thus far freely abdicated either before an internal or an external foe. The British ruling class was aware of its own role within the capitalist world structure. It dared Hitler to invade. Yet Hitler had no intention of doing

so, quite independent of the question whether or not he would have been able to do so if he had wished. If England was not willing to come to terms before an invasion, after a successful invasion there would no longer be a question of reaching an understanding. Not even the fleet, not to speak of the resources of the Empire, would fall into Hitler's hands. Part of the ruling class, if not all, would have left the country. Valuables would have been removed or destroyed. Hitler would have found himself in possession of some additional territory, whose inhabitants he would have been unable to feed, and a demolished productive apparatus which, in the face of an already acute shortage in raw materials, would be a very questionable gain. The war would not have been terminated but only spread further, and would have taken on new forms which might be even more destructive than the methods previously employed. The whole of Europe might be slowly starved to death, as there was no way to force America's acquiescence to the new situation by military means. There was no reason why America should come to terms with Germany after a successful invasion of England. Europe's position was extremely difficult due to the long disruption of world trade and the great part played by non-consumption production. The job facing Germany was too gigantic to suggest success. Even political unification seemed to be an impossibility in the face of the continued war that would make the food problem increasingly more threatening, that would make it more and more difficult to hold the superiority in armament production. Even after the invasion the world would still be closed to German Europe; she would still have to fight on in the Near East, for India, in defense of Africa, and possibly against Russia. But now she would have only a decimated army, a still more insignificant navy, and a weakened air force — the unquestionable results of an invasion of Britain.

England must not be defeated but forced into an alliance with Germany. Britain had to be shown that to subordinate her interests to those of Germany, to pool her resources, i. e., to pool her riches with Germany's poverty, was still better for her than to continue an apparently endless fight on the side of America which would lead only to the ruin of the whole world. Thus the great attacks of the *Luftwaffe*, often described as part of an unsuccessful invasion attempt, came to a sudden end from time to time. Nazi air bombers were careful not to demolish the English railway system, not to destroy too many harbors and docks, not to interfere too much with other essentials for the continuation of Britain's economic life. Their destruction was a sort of demonstration of what could happen to Britain if an all-out war really got under way. The concentration of bombing attacks such as on Coventry were only "samples" — gigantic symbols of future possibilities.

The military defeat of England would not be enough to serve German ends. It would have meaning only if it terminated the war with an Anglo-German agreement that led to the pacification of the Continent and to the resumption of international trade. Germany's refusal to attempt at any time the invasion of England brings out her essential weakness, but also

the conscious and instinctive recognition on the part of her politicians of the real issues of the war. The only peace they seem to be able to get is a peace by force. Yet, force may exclude the possibility of a peace that leads to the establishment of a European situation that will force the United States, for some time to come and in her own interest, to come to terms with Hitler, to share the rule of the world with the Nazis.

To share the world with Hitler may mean to lose it to Hitler. Not necessarily so, but possibly. Who knows if Hitler will not succeed in constructing with Britain's help a real United States of Europe able to compete on equal or better terms with the United States in Asia and South America? Nations there would have the choice between America and Europe; they may counteract American politics, they may have to be continuously bribed or be completely subjected by military force. The creation of a closed economic system in the Western hemisphere alone forecasts, through the reorganization processes connected therewith, the end of innumerable vested American interests. A period of warfare to ease America's position may well coincide with a period of European reconstruction under German dominance. Will Europe regain her position in the world economy that she lost during and after the first world war? Her productive capacity pooled, her organization centralized, she might well be able to exceed all the capacity of America.

However far-fetched all this may sound at the present stage of development, it is nevertheless one possible perspective — a perspective already foreshadowed by actual occurrences such as the co-ordination of Central Europe, the Franco-German agreements, the barter exchange and its success in South America before the outbreak of the war. Actual occurrences determine actual policies, but the threat inherent in that practice of expanding the present practice into a permanent one leads straight to the fears of the future previously described. Thus long-run perspectives and immediate practice both determine the present activities of the various nations. In order that the larger perspective may disappear, its small-scale reality must first be ended. Thus Britain's independence from Europe must be defended at all costs, the unification of the European Continent must be prevented by every means.

Even if Hitler's optimism in regard to the possibility of an enforced Anglo-German understanding had been justified, this understanding could no longer be a question between England and Germany. It was a question to be settled between the Nazis and America. Of course, without the Anglo-American alliance it is difficult to see how England could have withstood German pressure for long. But with this alliance a reality, England was no longer master of her own decisions. Thus the Balkan battle, Hitler's second great attempt to bring Britain "to reason" could have no results. It is not Britain but America that must be convinced of the futility of an attempt to defeat Germany.

To do business with Hitler means to do business at England's expense. If Hitler at present and in view of objective limitations has to be satisfied with sharing the world with Roosevelt, the latter, who does not face such limitations, cannot be convinced that it would be right to turn into a "Benedict Arnold". Why should he "eat the crumbs from Hitler's victorious table", when at small expense he can have the whole cake and table too? What Hitler can offer America she can get herself without his help. When Hitler says that he has no designs in the Western hemisphere it is merely funny. The Western hemisphere was America's long before Hitler offered it so generously.

Yet America's help to Britain is no act of charity. The American isolationists' complaint that lease-lend billions and other aid to Britain impoverish America merely to satisfy the interventionists' perverse love for England is just as "hypocritical" as the American "defense needs" enumerated by the "Great Hypocrite" himself. What Britain has lost to America and what she is going to lose makes up a hundred-fold for all the "aid" received and all the "aid" to come. How pitiful are the attempts of English businessmen to keep up their world trade in spite of the war. During the course of this war most of it will fall automatically to the United States. How realistically Churchill spoke when he "allowed" the United States to protect "British interests" in Asia. The longer the war lasts and the more "aid" America extends, the weaker England will be. The professional appeasers cannot help being just as generous towards Roosevelt as, not so long ago, they were toward Hitler. When interviewed by a reporter of the *Chicago Tribune* (9/16, 41), Lord Halifax declared:

"...The necessity forces itself upon the minds of the American statesmen of pushing her defense boundaries further out, as, for instance, to Iceland. The defense of America and the defense of the British commonwealth are essentially a single problem; this is why we provided America with bases in the West Indies and so on... The British government will be agreeable to America CONTINUING AFTER THE WAR her defense policy of extending her frontier further out."

Halifax simply states that whatever America takes now in the course of the war she will be allowed to keep. But here he is only plagiarizing from his old friend Hitler, who also has the habit of offering what is already taken. More sensible men than Lord Halifax are, however, no less aware of the losses involved in the Anglo-American alliance. G. Crowther of the *London Economist*, for instance, writes in the October issue (1941) of *Foreign Affairs*:

"If the American people have to learn the responsibilities of their strength, the British people have to learn the limitations of their weakness — and there can be little doubt which of the two is the more painful adjustment to make."

He cautions his American friends to take it easy in the face of the great opportunities open to them, and he advises his fellow Englishmen to lose what they must lose as cheerfully as possible. "Thumbs up" while the pockets are rifled.

Because of the fact that Britain will lose regardless of who wins the war — Germany or America — one phase of the German-American struggle consists of competitive bids for England's support. It is up to the British to decide whose offer to accept. In the end, however, it depends on the fortunes of war whose offer they will accept or will be forced to accept. England's weakness, paradoxically, turns into a new strength. She can at the moment almost at will wrest great concessions from both America or Germany. Thus it appears that Britain is determining America's policy, that her Foreign Office dictates in Washington. Thus she can continue to sing defiantly that there will always be an England, being quite sure that Hitler will not attempt an invasion for some time to come, if ever. It was Churchill who after the Balkan debacle maintained that a Nazi invasion of Russia would be far more likely than one of England.

At present, because of the great role that private capital still plays in England, the British ruling class is convinced that though it will lose under any circumstance, its losses will be smaller under Roosevelt's than under Hitler's "protection". To change their minds, or to bring to power "new minds" and, at the same time, to convince the United States of the uselessness of her resistance to the realization of a German Europe, Hitler marched into Russia. This march had many reasons behind it but the most important, it seems to us, was the recognition that an open and full-fledged war with America had become unavoidable.

The German-Russian War

Seldom can a single clear-cut reason be found for political occurrences. A general policy emerges out of a multitude of reasons which are by no means in harmony one with another. The always-latent yet unexpected turn in German-Russian relations has as many causes as it has objectives. It is true that Germany wants to have the wheat, oil, and raw materials that Russia provides. But this is not enough to explain the German attack. For the time being, and probably for a long time to come, war destroys the possibility of getting these materials in significant quantities. A continuation of the German-Russian trade would have yielded better results. To be sure, if the German invasion turns out to be successful, the direct possession of the Ukraine and the Caucasus will in the long run be of greater value than any sort of trade agreement that might fluctuate at any time or vanish altogether. It seems clear, however, that no immediate need for Russian supplies could account for the invasion. As a matter of fact, aware of the possibility of a German attack and anxious to postpone it as long as possible, Russia had stepped up her deliveries to Germany precisely at the moment when the German-Russian relations began to deteriorate. There was, furthermore, an ever increasing Russian dependence upon German industrial products because of the blockade. The future of German-Russian trade pointed towards improvements.

It is argued, however, that Hitler counted upon a very short war in Russia and hence on the possibility of a rapid exploitation of Soviet resources in a very short time. Though the methods of control and production have been improved considerably, and although it is not possible to draw conclusions for the present war from the last one, still those experiences cannot be altogether disregarded, and the German general staff knew from the last war how difficult it is to organize production in occupied territory and make it yield even meager results. It should also be obvious that though the German general staff may have hoped for a short war, it could not base any decision on the mere hope. It must have taken into consideration the possibility of a prolonged war, the more so as it was certainly aware that mechanized warfare is less successful in less developed countries. Yugoslavia and Greece did not disprove this fact because there the enemies had not themselves been mechanized, the onslaught could be prepared and supported from near-by bases in Rumania and Bulgaria, the territory was limited, the supply lines short. In Russia the German army faces another mechanized force. The farther the Germans advance, the less efficient their mechanized force must become. It takes time to move the bases from which to operate further. It is not a question of travelable roads: the decentralized Russian industry, the Russian "scorched earth" policy, the large stretches of mainly agricultural territory must slow down a mechanized army and diminish its destructive power.

The industrial density of the West not only increased the independence of the advancing motorized columns, not only provided them with repair facilities, oil, and other essentials, but made the Western nations far more vulnerable than Russia. With the rapid capture of important industrial sectors the supremacy of the German army was assured. The military striking force of the allied armies became a temporary and meaningless factor because of their early divorce from their industrial bases. There was thus little fighting and there were millions of prisoners. In Russia the situation is different, and such sweeping immediate successes as had been possible in the West were not to be expected. In the face of these obstacles, the actual advance of the German army in Russia seems rather more imposing than their quick victory in the West. It is nonsense to speak of Hitler's "time-table" that the Russian army has upset. To speak in such terms merely means to take the German propaganda more seriously than the Germans do themselves; for, after all, this time-table business is a mere stunt of the German propaganda institute in line with their success movies and other devices for scaring the timid.

We are inclined to believe that the Nazis were well aware of the difficulties they would have to face in Russia. They most probably attacked when they did, not because they felt that Russia was weak, but because they were aware of her full strength. Of course the Nazis might have expected Russia's early political collapse as well as a revival of Ukrainian nationalism. Yet by merely looking at their own methods of suppress-

sion, largely copied from the Russian, they must have known how slim the chances were. To destroy the ruling group in Russia, the army must first be destroyed. To revive nationalism in the Ukraine, the Ukraine must first be "liberated". Today it is more difficult to revive nationalism than it has previously been to suppress it.

Because of its friendly relations with the Red Army, the German *Reichswehr* was certainly well informed about Russia's military position. Even during the last war Russia's army commanded great respect. It is held by a number of historians that Germany lost the war only because of her preoccupation with the Eastern Front. Why then in face of all this did the Nazis risk the war? Hitler himself enumerates the following reasons:

- 1) *An Anglo-Russian bloc was in the making. Sir Stafford Cripps was trying, and seemingly successfully, to turn Stalin against Germany. The ambiguity of Stalin's policy came to light in Russia's attitude towards the anti-German government in Yugoslavia. The Balkan war was instigated by both England and Russia.*
- 2) *The price Russia demanded for her collaboration with Germany was too high and ever-increasing. She took more than had been arranged for in Poland, Finland, Rumania and the Baltic. Stalin's appetite, as demonstrated by Molotov during his Berlin visit, was insatiable.*
- 3) *Russia increased her army at her Western front continuously, thus forcing Germany to do likewise, which greatly hampered all other German operations and endangered Germany herself.*

Hitler did not deny, however, that for him the pact with Russia was from its very inception only a momentary expediency to destroy England's policy of encirclement. "I considered myself entitled", he said, to "set the strongest power in the East, by *especially solemn declarations*, at rest concerning the limits of our interests." There is no need for disputing Hitler's arguments. Russia certainly did everything he blames her for and possibly more that he does not know about. Here Stalin acted in exactly the same manner that Hitler himself did. For Stalin, too, the pact was merely a momentary expediency to be broken at any opportune moment. If Hitler tried to come to an understanding with Britain, why should Stalin not try to do likewise? As far as "appetites" are concerned, it is doubtful that the "limits of interests" of which Hitler spoke to Stalin included most of the Balkan down to the Dardanelles. The Bukovina which Stalin took in addition to Bessarabia was rather small compensation for Hitler's Balkan "interests". And if Stalin took some important parts of Finland, he thereby only enabled Hitler to take entirely without cost the rest of Finland. The Red Army assembled for the same reason on Russia's Western borders that Hitler's divisions stood ready on Germany's Eastern front. What Hitler says against Russia is exactly the same thing that Stalin can say against Germany. Both are speaking the truth. Capitalist nations are never lying when they proclaim their enmities. They are always lying when they speak of eternal friendships and inviolable trust.

However, it was Germany that broke the treaty first. The non-aggression pact had served its purpose. It had served its purpose earlier for Hitler than for Stalin. The question may arise: could Stalin have not known that, pact or no pact, sooner or later the Nazis would fight Russia? Of course he knew of that possibility. But such arguments are beside the point. Stalin said that

"by concluding a non-aggression pact with Germany we secured for our own country peace for a year and a half and the opportunity of preparing its forces to repulse Fascist Germany should she risk an attack on our country despite the pact."

Thus he admits as openly as Hitler that the pact was made to better prepare for the possible war with Germany, in case Hitler should change his mind. But Stalin's mind, too, is not fixed; it might also have changed. All the bolshevik "treachery" of which Hitler speaks, may also be interpreted as just so many steps to safeguard Russia against the day when Hitler should re-discover his "civilizing" mission. All the "treachery" of which Stalin may accuse Hitler can also be interpreted as so many German steps to insure themselves against the "resumption of the bolshevik world-revolution", that is, against Russian imperialism. In the capitalist society any preparation for security is a preparation for war. Security and aggression are only two words for the same thing.

It was clear after Munich that war was inevitable. The great question was only where and when it would start. That it would involve all nations was also clear. Not so clear, however, were the combinations of the opposing power blocs. There was the danger that England and France, out of the same considerations that forced Stalin into his non-aggression pact with Hitler, would make some sort of agreement with Germany that would start the war in the East instead of in the West. There was the danger that France and England would allow Hitler — for the time being — to march into the Ukraine; there was the greater danger that Hitler would march without their consent. Would the Allies really storm the *Siegfried* Line just to stop Hitler's march into Russia? And if they should try "to hang their washing" there would they succeed? Would Japan not take advantage of such a situation and attack in the East to get in Siberia what she failed to get in China? In that case would America really start a war against Japan? Would she not prefer instead to let Japan increase her strength at the expense of Russia and thus leave the "Open Door" in Asia open for the entry of American imperialism? Would England not wait to attack Germany until Russia was sufficiently weakened, in order to kill two birds with one stone? These dangers were not merely speculative. For had not Russia been excluded from Munich? Did not the policy of "collective security" fail to win the ears of the bourgeois diplomats? In the face of all these dangers what would be better than to turn the whole situation around? Peace with Germany would start the war in the West. It would put Russia in the position that England apparently tried to occupy. And then, doubtful as it was that the British would take the *Siegfried* Line,

just as problematic was German success against the Maginot Line. Japan would not dare to attack Russia at peace on her Western front. She would involve herself further in China thus bringing on a crisis with the United States. If America entered the war, there would still be time to change to the side of the Allies. Then Germany as well as Japan could be attacked. With America's help victory might be assured in the Far East, and in the West with the help of France and England. Out of the second world war Russia might emerge if not strengthened, at least not weakened. She would have been able to hold her own.

It is hard to see how Stalin could have chosen any other course than he did. Even if the worst should happen, that is, a quick German victory over England which might prevent America from entering the war, there was still reason to believe that Germany would be quite busy for years to come organizing the new Europe and preparing the next war against the United States. Of course in that case, peace with Germany would have been an expensive proposition. Russian concessions to Germany would have been enormous, but if freely given, might have prevented a German attack. Germany would once more have been the mediator between Russia and the rest of the world and would have preferred peace for precisely this reason — that her new position would bring her greater profits than a devastating war. All this, to be sure, in order to become reality, presupposed a peace between German Europe and the rest of the world. But with such a peace, Russia's independence would not necessarily be threatened and hence Stalin's regime not necessarily endangered. Risky as such a situation would be, it would still be a lesser risk than a war with Germany under conditions as they existed in the fall of 1939.

Unfortunately for Stalin and Russia, there was neither a quick German victory over England, nor a quick entrance into the war in an effective way on the part of the United States. The unexpected results of the German *Blitzkrieg* on the one hand, and the German weakness in her dealings with England on the other, overthrew all political perspectives that could have been considered before the onset of the war. Russia, instead of being secure in the East and in the West, was now exposed on both sides as never before. However, Hitler might not have attacked Russia if he had been able to come to terms with England and thus, for the time being, with America. He would probably have waited at least another year to reorganize the Continent for the purpose of another and greater offensive. Thus Rudolph Hess flew to England to offer peace not, as is generally assumed, by telling Churchill that Germany would attack Russia instead of taking more from England, but to tell him that Germany would not attack anywhere, that the European Continent which she now possessed was about the "limit of her interests". Those proposals were made much earlier, immediately after the Balkan campaign, but Hess's arrival in England was to indicate that Hitler was really serious and willing to stick to his proposals.

Because of the fact that an understanding had already been reached between America and England to continue the war under any circumstances, Churchill could "prophetically" announce that Hitler's next victim would be Russia. He could "quickly", a few hours after the entry of German troops in Russia, outline a "new policy" that proved his "genius" able to make proper decisions in the twinkling of an eye. And thus it appeared that Roosevelt adopted Churchill's attitude towards the new situation, when in reality Churchill merely followed out the orders of his master's voice.

The Russian-German war is first of all America's product. It was Roosevelt who turned out to be the true leader of the "Communists"; who made them, as R. M. Yoder has said, "go to bed convinced that no aid should be granted imperialistic England only to wake up singing 'God Save the King'." And it only speaks for the fairness of Roosevelt when he now, although belatedly, discovers that the Russian *Constitution* really corresponds to the *Four Freedoms* for which American democracy is fighting. And as behooves the proper wife, Mrs. Roosevelt, in her column "My Day", speaking of E. Lyons's book, "The Red Decade", that exposes the ways and means of Bolshevism in the U.S., describes the red-baiting attitude of its author as thoroughly un-American, for America has always stood in favor of social changes. The "Waves of the Future" now shine in so many colors that one can easily forget to swim.

Rudolf Hess could not have gone to Churchill with a Hitler proposal that the Nazis would turn against Russia instead of continuing their fight against England, for the march into Russia, on the basis of the newly created European situation, would be no more and no less than the continuation of the war against England and America. The invasion of Russia is an attempt to make impossible once and for all a final German defeat. It puts England in greater danger than she has hitherto faced. It is a more forceful attempt by the Nazis to tear Britain away from the United States, to make her accept the Nazi rule in Europe. Through Russia, Iran and Iraq can be reached, Turkey can be brought into the German fold without a fight, the Near East can be brought under German control with minimum effort and the way to India can be opened.

The conquest of England would be just as costly to Hitler, if not more costly, than the Russian invasion. The conquest of England would have been a barren one. Not so success in Russia, for this would enable the Germans to begin seriously breaking up the Empire without exposing herself too much anywhere on the Continent. The conquest of the Caucasus, Iran, and Iraq, would immediately yield all the oil that Germany could ever use. It would minimize to a greater extent the effect of the Anglo-American blockade against Europe. And most important of all, the fiction of an independent England would be maintained.

The breaking up of the Empire, the conquest of Egypt and India, could take place in a manner less costly to the capitalist society as a whole.

Rulers would change, not the rule of the "master race" itself. The chaos to be expected in the wake of Britain's collapse could be prevented. America would now be hampered in the fulfillment of her imperialistic desires precisely by reason of being Britain's ally. She would, in turn, prevent all other nations from taking from the Empire while the taking was good. The only nation really able to profit by the maintenance of Britain's fictitious existence would be Germany. The breaking up of the Empire would prove to the British that they were unwise when they chose Roosevelt instead of Hitler. Political changes could be expected in England, changes that might throw Britain into Hitler's lap without any effort on his part. Or rather, the effort exerted in the conquest of England but expended in the Near East and Russia instead would now have yielded not only England, but Russia and the Near East, too. And if even now the British should not come to terms, the final invasion of England, if unavoidable, could now be made with much greater guarantee of success. This general perspective is much more reasonable, however risky, than the mere satisfaction of the emotional desire of subding Britain physically and at once.

How well the United States was aware of this line of reasoning that prevailed among the Nazis came to light in Roosevelt's opening of the Red Sea for American shipping, in the great and ever-increasing amount of war materials sent to the Near East, in the training of American soldiers in desert-fighting, and last but not least in the "Retreat" that the American ambassador Stinehardt purchased for himself and his staff outside of Moscow, safeguarded against air attacks and equipped with everything for a long siege, months before the German invasion of Russia started.

This German strategy, furthermore, made it conceivable that in the Far East, Japan, lured by the Siberian prospects, might be induced to turn away from her expansionist policy directed southward. America might thus remain unchallenged in the Pacific and be more inclined to reconsider the Nazis "share-the-world-plan". If America would sacrifice England, Germany would sacrifice Japan. German propagandists were the most successful in re-awakening the world to the new "Yellow Peril". The relations between Japan and Germany cooled of at that moment when her relations with America seemed to have reached the breaking point. Once more both America and Japan felt their difficulties might be solved without going to war. The occupation of Indo-China was a precautionary move, as was the new China offensive, and before that the non-aggression pact between Moscow and Tokio. Whatever Japan may do, however, in the final analysis her destiny is determined by the outcome of the war between German Europe and America. Japan will have to go as the wind blows.

To prevent a German attack on Russia, there was just one policy for Stalin to follow, and that was to strengthen Germany in the eyes of England and America. Thus the ridiculous pro-German propaganda of the "Communists", and the fight to keep America out of the war. It is quite amusing to compare the Bolshevik utterances in regard to the war and to Germany before the Nazi invasion of Russia and afterwards. This

is just as amusing as comparing Roosevelt's attitude towards Finland's fight against Russia unsupported by the Nazis and against the same Finnish fight against Russia with the support of the Nazis; just as funny as Churchill's accepting Roosevelt's *Four Freedoms* that guarantee national self-determination, and at the same time imprisoning 7000 people of India for expressing agreement with the *Four Freedoms*; just as funny as the American isolationists' desire both to protect Britain and to keep out of the war, for the first necessitates the reverse of the second; and finally just as funny as Hitler's latest aspiration to bring socialism to Russia — real socialism, not the fake socialism of the Bolsheviks.

However, behind all these cheap propagandistic reversals are very important strategical maneuverings. As long as Germany appeared strong, and as long as she appeared secure on the basis of the non-aggression pact with Russia and in the face of her military successes, there was a chance that England might come to terms with Hitler in recognition of the hopelessness of her situation. Thus the war might have been terminated. This is why Sir Stafford Cripps never came to see Stalin until it was too late. Molotov bluntly refused to receive the British delegate, "for political reasons", as he said. Only an Anglo-German agreement could prevent the war that Russia feared, never an Anglo-Russian agreement. Thus Russia maintained, literally to the last moment, that a German-Russian war was simply inconceivable. Russian appeasement of Germany became frantic. After the Balkan campaign, and the final recognition that for the time being Germany could not be stopped in Europe, Stalin did everything in his power to show his friendly feeling towards Nazi Germany. He refused to recognize any longer the national existence of Belgium, the Netherlands, Norway, Yugoslavia, but he did recognize the anti-British government of Rashid Ali in Iraq. In addition, deliveries to Germany increased enormously. But there were no further German demands on Russia. Probably all of them would have been fulfilled. There was no German ultimatum as has been alleged. There was only Rudolf Hess and his mission, and that failed. Roosevelt's answer had been given in unmistakable terms: the Atlantic patrol and the occupation of Iceland.

Hess's peace offer undoubtedly contained a guarantee of the integrity of the British Empire and her fleet. Any other proposal would have been simply idiotic, but whatever the German policy is, it is not idiotic. A peace that merely maintains the British Empire can mean nothing to America and nothing to an English ruling class that still believes in a chance to win the war despite all previous reversals. America does not defend Britain as such, but she defends Britain solely to prevent the unification of Europe under German dominance. The "defense of Britain" is only incidental. Hess brought no bargain for America, not even for an England assured of America's help "to the end", for the very existence of a German Europe means the slow but certain destruction of British world rule. It means the possible degrading of the United States from the first to the

second world power. However, as the *United States News* (7/18, 41) wrote:

"It is necessary for an understanding of President Roosevelt's strategy to understand the stake of his struggle as he sees it. That stake, essentially, is to decide who is to be the boss of the world in the future — Germany and her satellites, or the United States and her friends".

Roosevelt's strategy brought the Nazis into Russia. After the Balkan campaign, Molotov could only believe more firmly in his earlier lie "that a strong Germany is an indispensable condition for durable peace in Europe", for now that the hypocritical wish had become a painful reality, the world simply had to be convinced of Germany's invincibility and peaceful inclinations. But the American imperialists refused to accept Stalin's point of view just to keep the Nazis out of Russia. Churchill, who knows America's responsibility only too well, advised his new friend Stalin in a letter (7/26, 41) to direct his requests for help to America rather than to Britain, for "the extent and *character* of the aid Britain gives to Russia depends to a considerable degree upon the assistance Britain receives from the United States."

The fact that the German-Russian war is first of all a war between Germany and the United States, explains, in part, the course of the war itself. England was not going to make her own position still more difficult by risking an invasion in the West to help Russian defense. America was not ready to participate in such an adventure. But without an A. E. F. there would be no B.E.F. What if a new B.E.F. should again be defeated? It might well mean the end of the Churchill government and a return of the "appeasers". Why should Churchill risk what Hitler did not dare? A possible failure might not only overthrow the Churchill cabinet, but weaken England in every other respect too. Her chance of getting better terms from Hitler, if coming to terms with Hitler should prove unavoidable, would be lessened. Her dependence upon America would become still greater and thus also the losses implied in the alliance with the United States. The only sound policy for Britain to follow is to keep her own forces intact, to avoid losses wherever possible, and to keep her bargaining power strong in regard to both Germany and the United States. After all, America might lose the war without losing anything, but England will lose even in victory. The weaker she finds herself on the day of peace, the more she will have to lose. The war can only be won — this much seems clear — with an all-out effort on the part of the United States. Unless such an effort is made, only an act of despair could make England send troops to France and Spain to open up a Western front.

The Russian war was of course highly desirable. It might weaken Germany sufficiently to make her propose a peace that would give better guarantees for the continuation of British rule than anything hitherto suggested. It might keep her occupied long enough to drain her resources sufficiently to assure success to a final Anglo-American invasion of the Con-

tinent. A successful invasion necessitates enormous forces and endangers the fleet, so vulnerable to air attacks and so necessary to invasion. But only joint-activity, joint-responsibility with America could induce England to risk that much. America, however, was not ready and Hitler did not wait.

It is nonsense to believe that the Allies refused effective aid to Russia merely to satisfy the desire of some reactionaries to see the two totalitarian nations tear each other to pieces. No two nations would destroy each other just to please the rest of the world. To refuse aid to Russia is to help Hitler to victory, but it is Germany, not Russia, that threatens the interests of Anglo-American capitalism. A war of mutual exhaustion might have been conceivable under conditions as they existed prior to 1939. But now, with all the European resources in German hands, it even became questionable that the Russian would hold out for very long. It is true that the industrial superiority of Western Europe does not exclude military failures. There are "accidents" in history; there have been "miracles". Yet no sane person would base his policy on the expectation of new miracles. If aid to Russia was slight, it was probably for no other reason than the simple one that the Allies found no way to make it more effective.

It is also wrong to assume that little aid only was forthcoming because of the fear that a Russian victory might in the end turn out to be just as bad as a German victory. There is no basis for such reasoning. In relation to Europe Russia occupies about the same position that China does to Asia. It is not enormous China that represents the "Yellow Peril", but Japan. In Europe it is not Russia but Germany that threatens to dominate. Like the danger of China, so the danger of Russia is of the future, a future that may never arise if the present German-Japanese threat is removed. Through force of circumstances, and not because of the absence of imperialistic inclinations, has Russian imperialism thus far been largely a failure. Her attempts in China yielded small results; her gains in Europe have been presents from the hands of Hitler,— who turned out to be an "Indian giver". Whatever the course of the war, Russia will emerge from it weaker than she entered. In the event of final victory for the Allies, her decimated army will meet millions of fresh American and English troops on German and Asiatic soil. There will be no Russian expansion either to the East or to the West. Because Russia had to play a major part in the war, she will be forced to play a minor one at the peace conferences. The head of the American mission to Moscow, W. A. Harriman, was certainly right when he said (10/10, 41):

"that AFTER THE WAR we will find Russia much more interested in nationalism than internationalism, and a nationalist Russia is a Russia we can well become intimate with."

The Allies recognized quite early how little help they were able to give. British and American observers looked upon Russia as a hopeless case not only from the beginning of the present war, but even prior to

the outbreak of German-Russian hostilities. Although the war started at the end of June, the London *Economist*, for example, was already convinced at the end of May "that Hitler will *soon* control the raw material resources of Russia". On July 11th, 1941, American newspapers reported "from unimpeachable British sources, that the Churchill war cabinet is convinced that the Red Army must win *now* or be lost for good."

If the British overestimated Russia's strength and underestimated that of Germany prior to the war, they were inclined to think differently after the Fall of France and the Balkan campaign. However, Russian resistance caused them to change their minds once more. To keep Russia going, they were now willing to do anything, which was not much. After three months of fighting, the Nazis had captured or inactivated about 50 per cent of Russia's industrial capacity and weakened the Red Army almost beyond repair. Unless the trend of events unexpectedly turns again, it is difficult to believe that the Russians will be able to keep on fighting much longer. It is not German but Russian industry that is a shambles. The prolongation of the war will thus progressively favor the Nazis. The road of supplies from abroad is largely closed, and what is still open is of little importance. The Russian winter, on which great hopes are staked, cannot alter anything on its own account. Even the old army of the Kaiser was able to withstand three Russian winters in succession. As things stand at this writing, it seems almost certain that the Allies are in the process of loosing the third phase of the world war — the one now fought in Russia.

We shall not be disappointed if further developments should prove this assumption wrong. We do not profess to know the actual strength of either the Russian or the German army. We do not know what reserves exist. We know as little as anybody else what will happen next on the Russian front. All that we know is what everyone can see: the fact of German success and the admittedly dangerous position in which the Russians find themselves. On the basis of these facts, it seems more reasonable to expect a Russian defeat — or at best another temporary stalemate — than the collapse of the German war machine.

The very reluctance on the part of the British to open up a Western front, the very reluctance of Roosevelt to declare war on Germany, seems to indicate the present hopelessness of the Russian situation. If it is true, as General Wavell said, that "the Germans must be beaten on their own soil, exactly the way Napoleon was beaten," the proper time for an invasion would have been during the height of the German-Russian war. Of course General Wavell also pointed out that for such purposes "we certainly need American manpower, just as we did in the last war"; yet, if the Russians had any chance of winning, it would be incomprehensible that merely the unpreparedness of America should have delayed an invasion. If Russia represented a real danger to Germany, it should not have been too difficult to make the Western attack with the help of the combined Anglo- Am-

erican fleet. After all there are millions of English soldiers at hand, enormous quantities of war materials accumulated, and there are enough American troops to initiate a new A. E. F.

The hesitation of the Allies to risk an invasion may be explained by their fear that such a contingency would possibly lead to a Hitler peace offer which the Russians might accept. The surest way to keep the Russian fighting was not to attack in the West. There will not arise the question of a new Hitler-Stalin pact as long as Hitler can be reasonably sure that he can force a military decision and thus settle the Russian question "once and for all". Without a Western invasion, Stalin must keep on fighting to the last, in the hope of making the Germans realize that they would be far better off to accept a new truce instead of seeing the war to the end. What would really happen, however, dependend upon events on the battlefields. And there the Nazis were once more victorious.

But even now, with the Germans hammering against Moscow, one still can not be too sure of what will happen next. There exist a number of possibilities, any of which may be realized. It is not impossible that the Stalin regime will be able to maintain itself even after the fall of Moscow. But its collapse and the installation of a new regime willing to come to terms with Hitler are also possible. It is also not impossible that Stalin himself, in order to save his own regime, will conclude a separate peace. Yet whatever may occur, it will not count for very much. Even if parts of the Red Army should succeed in withdrawing to the East; even if war materials should reach Russia; even if there is a chance of re-organizing the Russian forces for a new Spring offensive — all these possiblities do not effect the immediate realities of this war. The "final" victory over the Nazis is pushed too far into the future to have much meaning even for the Russians. In view of this situation a Vichy-peace might prove to be the "lesser evil". If it indicates anything, the fact that the Russians have thus far not changed their "line" again shows that all the advantages are still on the side of the Nazis.

That the Allies recognize that for all practical purposes Russia may be considered lost also comes to light in the new and sudden change in Japanese-American relations. As long as it was not clear which way the war on the Continent would turn, neither Japan nor America was willing to act. We have pointed out that Japan's attitude was a very ambigious affair. The Moscow-Tokio pact, the occupation of Indo-China, in fact the whole policy of Japan, could work in two ways, for and against Germany. Which way it will finally work depends on the fortunes of the German-American struggle.

The Moscow-Tokio pact strengthened Japan in regard to both America and Germany. Japan could operate more freely in Asia and with a greater measure of independence. The German-Russian war was also, in part, an answer to the Moscow-Tokio pact. It robbed Japan once more of

her new position of relative independence. With Russia's defeat, Japan stands alone in the Pacific against the combined Anglo-American forces. She must either come to a still closer cooperation with Germany or consider herself lost. As long as Russia existed as a real power, America was to a certain extent handicapped in her Asiatic ambitions, for as little as the Japanese-American interests in Asia can be harmonized, just as little are the Russians willing to leave Asia to the Americans. As long as a number of rivals fought for the same thing, there was always a chance to go with one of them against another. The Russian defeat excludes such an opportunity. Thus Japan feels herself completely "encircled" at that moment when she faces a single enemy. Churchill has made it clear in his declaration that England would be on America's side in the event of a war between America and Japan; that, in this respect, too, there are no longer rivalries between Britain and the United States; that Britain would be willing to sacrifice her Asiatic interests to America but not to Japan.

Since America has shown her unwillingness to sacrifice England, Germany is determined to hold on to Japan. Yet until Russia was brought down, all expectations that Japan might march into Siberia because of the German-Russian war, that she might stop American shipments to Russia, were not fulfilled, because it would have been utterly stupid to enter the war on the side of the Axis while Russia still had a chance of keeping alive. Japan's government of reconciliation with America functioned only as long as there existed a chance that the Germans might be stopped. Now, however, it depends on Germany's strategy whether or not Japan will attack Russia in the Far East. A Vichy-peace with Russia might prevent this. An outbreak of hostilities between Japan and America might induce the Russians to participate on the side of America.

It is now clear that Russia's defeat was essential for Germany, not only for a new attempt to pry Britain loose from America, but also to continue, if necessary, the war against the United States in the battlefields of the Far East and in the Pacific. The complete destruction of Russia's power was necessary in order to accomplish either a temporary peace or to secure the continuation of the war that still leaves all the advantages to the Nazis. Thus the Russian collapse might well release the long prepared American-Japanese war.

America — Germany — Japan

It could be argued that even now the Japanese may try to escape their most unhappy situation. This would, however, amount practically to suicide. America, like Germany, would prefer to deal with her enemies piecemeal. If avoidable, it would be foolish for the Japanese to give America that opportunity. It is much more to be expected that an all-out war of America against Germany will lead to a Japanese declaration of war on the United States, not because the Berlin-Tokio axis provides for it, but because any other policy would spell the end of Japan as an independent

capitalist power. Aware of the unavoidability of this conflict, America may for this reason be the first to attack.

Japanese imperialism cannot retreat. It can adopt a waiting-policy only as long as Germany, or America, or both, deem it best to maintain peace in the Pacific. Japan can exist only by continuous expansion. To offer her, as Mr. Hull does, "spheres of interest" in the Asiatic trade is to offer her nothing. It is not "trade" with which America is concerned. If it were "trade" she would prefer Japan to China, for her business with Japan is the better one. "Trade problems" are not the issue; the whole of American commerce in China and Japan is of little significance. Free-trade in the former sense of the term has long since come to an end, it cannot re-appear. Trade, today, implies the direct possession of large territories, or it implies military force able to dictate to weaker nations. The only trade possible today is that exercised by the Japanese army in China, by the German armies in occupied Europe. All that America has thus far offered Japan is plain starvation. All that it will ever be willing to offer is the maintenance of a powerless Japan at the mercy of the United States. Starvation of Japanese capital, a stoppage of imperialist expansion, is equal to real starvation, for, unless socialism arises in important and decisive areas of the world, starving Japanese capital means to murder her population. To give Japan what she must have for her capitalistic existence means for America to give up her most important sphere of imperialistic expansion. And in this connection, Chiang Kai-shek appears as what he actually is, a tool of American imperialism, but not the "liberator" of "his people". For the "liberation" of the Chinese people can never proceed with the help of England, America, or Germany, but only in the form of a struggle against all capitalist nations and against capitalism in China itself. But such a liberation would not be a "national liberation". It is "too late in history" to expect a recurrence of national wars such as shook the world a hundred years ago. Within the framework of capitalism "national liberation" means the choice, if one has the choice, between different imperialist power blocs, each of them equally capable of preventing self-determination of the people they "protect". National issues are mere subterfuges to hide the real imperialist notions of the great powers. It will thus be the task of socialism, not to do what capitalism failed to do, namely to assure national independence for the various countries, but to do away with the whole problem in its traditional as well as in its imperialistic form.

It is capitalism that rules in the United States. It will not sacrifice its own interests just to help those of the Japanese. People who are so delighted that the paper-cities of Japan can be destroyed over night are as capable of "unselfish acts" as the Japanese who celebrate with pomp and circumstance the Fifth Anniversary of their organized slaughter of the Chinese population.

No permanent agreements can be reached between America and Japan. The only obstacle to a Japanese-American war was the existence of the Red Army. With the latter out of picture America may force the war,

for she will not be able — for some time to come — to do much in Europe. The possible direct connection between Japan and Germany must be prevented. It may well be that the greatest proportion of American war efforts will be directed against Japan, in an attempt at a quick victory, that will free America for more efficient action against the Nazis. But concentration upon the issues of the Pacific may also indicate a dawning recognition on the part of the American Administration that it is too difficult a task to beat Hitler in Europe; that it would be wiser to operate where operations yield better results.

As far as South America is concerned America has displayed no hesitation, as Roosevelt's recent *coup d'etat* in Panama so strongly reveals. America may cease to hesitate in Asia, too, and thereby demonstrate that her struggle is not directed *against* "Nazi-Germany", but *for* the greatest possible control over the world economy. Of course, in the long displayed hesitancy to declare war on Germany there is also hidden the desire to leave a way open for retreat, if retreat should become unavoidable. After all, Germany is fully aware of the fact that America is at war with her. The "Hypocrite" and the "Rattlesnake" have already declared war a dozen times. The German population has long since been made acquainted with the fact, and no "psychological effect" detrimental to the Nazis can any longer be expected through the mere formality that accompany openings of hostilities. It seems to be mere "politeness" on the part of the Nazis to help maintain the illusion that both nations are still nominally at peace. The lack of a war declaration hurts nobody but the United States. It hinders the necessary centralization needed for modern warfare. It is explainable only by the Roosevelt Administration's own uncertainty as to what course to pursue. Thus, the greatest support the Nazi have yet found in the United States has been provided by Roosevelt's own strategy. It is quite understandable that the Administration should complain so bitterly about "sabotage" on the part of the isolationists. Yet one may be sure that even if there had not been a single isolationist in America, the situation would have been just as it is. The isolationists perform a real service for the Roosevelt Administration by opposing war measures that Roosevelt otherwise would have to oppose himself. If the isolationists had not existed, Roosevelt would have been forced to invent them, because of the fact that the discrepancy between his imperialist ambitions and the possibility of realizing them is still too great.

The isolationist bloc means for Roosevelt what *hara-kiri* means for the Japanese: it "saves face". All possible defeats that he may suffer or has suffered, he can put easily on the shoulders of his "opponents". This is the secret of the persistence of American democracy even under an "Emergency". Yet all "steps towards war", i. e., "short of war", thus far taken have shown that the isolationists in America are entirely powerless, unable even to influence events. It is also certain that if war is finally declared, the great bulk of the present isolationists will become ardent interventionists. Like the English appeasers they will accept the new situation not because

their "patriotism" is greater than their "convictions, but because their real interests cannot be divorced from the interests of American capitalism as a whole. A defeat of America will hit both interventionists and isolationists equally hard. The only isolationist act thus far undertaken was Representative Fish's attempted gesture to introduce the issue of a war declaration in Congress. The war mongers and the peace-mongers both recoiled in utter terror, not because they doubted that Congress would declare war—for this Congress declares anything that Roosevelt wants them to declare—but because of the certainty that Congress would declare war if forced to make a stand.

German Europe

We are not so sure as Hitler claims to be that the Russian war is practically over. We do not know enough about the actual conditions in Germany and in the occupied countries. However, with the exception of Norway, where large parts of the population have opposed Nazi rule, and of Yugoslavia, where remnants of the army are still fighting, it seems that the opposition in Nazi-occupied territories consists of no more than the activities of professional provocateurs and isolated nationalist or bolshevist fanatics. The masses remain apathetic. We do not know the real attitude of the Vichy-government, nor the real situation in Italy. This ignorance, however, we seem to share with Roosevelt and Churchill, as both—to judge by their actions—also do not know whether to see in Vichy-France a potential friend or a potential enemy. It seems clear, however, that France cannot be transformed into a "real friend" without a successful invasion and defeat of Germany.

Notwithstanding all the difficulties that will accompany the reorganization of Europe, Hitler proclaimed before the start of the great October offensive, that if victory should be won, the basis for a durable peace will have been laid down. For a long time the Nazis have hinted at the calling of a European Congress for the coordination and pacification of the Continent. If Europe should indeed become an entity under Nazi dominance, it will be difficult, if not impossible, to defeat Germany on European soil. What, then, are the chances for a Nazi-dominated United States of Europe?

It must first be noted that the Nazi pattern of domination provides for both employment and abolition of national issues. Useful as national rivalries and race-issues are for the diplomatic and military conquest of a country, as soon as the latter is accomplished, the frictions originally fanned must be damped. This is often difficult, as may be seen from the trouble that arise in the occupied nations. Political and economic positions have to be reshuffled over and over again, until each nation has that administration that serves the Nazis best. Of course the larger plans in this respect do not answer the changing needs from day to day, and thus contradictory moves are always possible. But their occurrence does not eliminate the general policy that the Germans follow in their attempt to bring Europe under complete control.

For a *Pax Germanica* it would be foolish of the Nazis not to bring to an end the various territorial claims of different national entities. Nationalism is now fiction anyway. If the groups in each nation that received their privileges from the existence of certain boundaries and particular industries are eliminated; if each nation in Europe is economically controlled; if a political leadership is developed whose interests are thoroughly integrated into the Central German control system — there is then no longer any need to suppress ideologies and national cultures which, divorced from their previous material base, are destined to die out by themselves in the course of time. In brief, the Nazis will appear as "saviors" rather than as "destroyers" of nationalism. They will shift populations until there are, in given territories, no longer issues of race or national minorities to disturb the "peace". There will be no French in Alsace-Lorraine, no Croats in Serbia, no Serbs in Croatia, no Slovaks in Rumania, no Rumanians in Slovakia, and so forth. The world will look then like a sort of zoo. People who think of themselves as national groups because of certain common characteristics will be separated so as not to devour each other and to make the job of the "animal-keeper" easier. They will be left to enjoy their particular cultures or idiosyncrasies until they grow tired of them. They will be allowed a fictitious self-determination until the old ideologies are worn out. The Nazis will foster this separation in order to rule better. For only by keeping the people ideologically apart is it possible, under present conditions to maintain a centralized rule over them; to keep them from recognizing that their particular existence is, in reality, part and parcel of the common existence of the world population. Nevertheless, the "renaissance" of nationalism today does not prove that its importance — based upon the destruction of world trade — is growing. It only indicates that national issues may still be used for the re-organization of world economy through the struggles of different imperialist power blocs. National issues in the traditional sense are everywhere on their way out. As Bruce C. Hopper remarked recently: "The prevalence of treason in the small states since 1938 indicates the extent to which nationalism is already broken down."

It would be foolish to assume that because Germany wins battle after battle, the war — in one way or another — must soon end. It would be just as foolish to think that Germany may win all the battles and yet lose the war. Though the present war is in many respects a repetition of the last one, in this particular respect it is not. Even if the imperialist drives are essentially the same as far as direction is concerned, in this war the Germans not only win battles that can be utilized at a coming peace conference, but they transform at once the whole European economy with a view of establishing a German dominated Europe that is there to stay. The "odd thing" in this regard, writes the *London Economist* (6/14, 41),

"is the extend to which this prospectus of the "new order" coincides with the plans of reformers both of the Right and of the Left in democratic communities. The union of Europe has been under discussion for two decades.. NOW IT IS AN ACCOMPLISHED FACT."

It is true that this "accomplished fact", as the *Economist* further remarks, is "an obvious travesty of the ideas" of the social reformers of yesterday, for "Europe has been united by destroying all freedom — personal and national — save that of a small gang in control of Germany". But then, under conditions of capital production, the United States of Europe will always remain a travesty no matter under whose auspices it may be realized. Even as an unhappy substitute for an "ideal capitalistic United States of Europe", it may still be forceful enough to endanger both Britain and the United States. The very fact that this "travesty" is fought so bitterly should indicate that the American and British rulers are quite convinced of the possibility that Nazi Europe may endure, despite its miserable character. The very existence of this German Europe makes it increasingly more difficult to think in terms of a German defeat. All the plans of redivision now concocted in Anglo-American headquarters may find growing opposition even in those countries that are supposed to be "liberated" by American arms. If Germany is not defeated soon, it is quite conceivable that Germany's enemies of today may change into her friends tomorrow, both ideologically and materially. This danger is well recognized by the more realistic of the spokesmen of the Allies. The article in the *Economist* already quoted points out that:

"The lesson of the New Order which most need to be absorbed is that the age of enterprise has given place to the age of security. Every category of producers — workers, peasants, industrialists — was weary of the struggles of Europe. It may well be that even the control itself which the Nazis have come to exercise is not altogether unwelcome. The desire for independence is not one that goes easily with the search for security. The extent therefore to which the Nazis have found willing collaborators is not altogether surprising. Industrialists have, of course, been driven into collaboration by the need for raw materials, but there is no doubt that many of them would have been ready for it without this compulsion. It is, after all, only extending to the whole of industrial Europe the practice of monopoly which has long been the goal of the average businessman and his associations. The heavy industry of France, Belgium and Holland were already inextricably bound up with German industry and one of the reasons why there was so little resistance is that the Nazis are not altering economic relations so much as abolishing the political frontiers which, until 1940, hindered the unlimited cartellization and merging for which many industrialists were perfectly prepared."

With the continuation of the war, the further interlocking of European industries is unavoidable. The European blockade, unless it assures a quick collapse of Germany — a situation less and less to be expected — will turn finally into a blessing for the Nazis, because it forces the European nations into continually closer collaboration with Germany. As long as the Continent is ruled by German arms, the recognition must grow in all European nations that it will be far better for them, in order to relieve their own miseries, to help Germany terminate the war successfully. To prevent this situation Germany must be defeated by extra-European powers and by military measures. "Undying love" for "real national independence", and "undying hate" for the oppressors are, after all, only luxuries in which the

various governments-in-exile may indulge; but the puppet-regimes and their subjects in the occupied nations face other problems. They are bound to develop vested interests of their own and will be ready to defend them with the same vigor with which the governments-in-exile try to regain their lost positions. In the course of time, those puppet-regimes will have to serve Germany better, not only in order to defend their own newly-acquired interests, but in order to defend their own lives. Thus if Germany is not defeated soon, the whole European Continent will have to be defeated.

With the defeat of Russia, or with the conclusion of a separate peace, the power of German Europe will be greatly enhanced. Of course, a Nazi Europe is no blessing for the workers and the other powerless groups in society. It will not improve their lot. It will only allow the Nazis to stay in power either by continuing the war, or by reaching a peace that can serve only as a prelude to a new and mightier war. If the unification of Europe by itself would mean anything, it would be difficult for a worker and socialist not to support Hitler for, after all, if socialism presupposes the end of national boundaries, the United States of Europe could be considered a progressive step in the direction of socialism. However, the British Empire as well as the United States of America is proof enough that a mere enlargement of the capitalist state from a national to a continental or imperial form implies nothing of interest to the workers. It is a step in the development of capitalism, no doubt, and thus a step in history vitally affecting the working class. Yet it is of interest only to a working class still capitalistically determined, and it is thus a step against them.

Theoretically, and independent of the possibility of its attainment, even a United States of the World could very well maintain its capitalistic character and would not constitute a socialistic goal. Socialism begins not with the state and geography, but with the worker and his relation to the means of production and the products of his labor. Unless this fundamental problem is solved, no problem can be solved socialistically. Thus the workers, one might say, must oppose Hitler not so much for what he is doing as for what he is not doing. Because he claims he is doing something *for* the workers, it is obvious that he is acting *against* them. Nobody can do anything *for* the workers. What the workers need they can realize by themselves alone. Short of socialism, that is, the conscious regulation of production according to social needs, the production for consumption and for no other purpose, the elimination of special interests in society and special power centers able to control the rest of society and thus to preclude a social production—short of this goal and of all activity leading toward it, the crisis resulting in the present war will continue to prevail in a unified Europe. The war will go on and the great energies released in the unification process will be wasted in the more rapid destruction of the products of labor. Capitalist society will never find peace again. The possible temporary cessation of warfare will only bring out into the light of the day that crisis that was at the bottom of the war and that the war has been unable to solve.

The "new" crisis will again lead to the resumption of war in the relentless yet futile attempt to make the capitalistic system work through organizational changes that leave untouched the essential socio-economic relations between capital and labor.

Hitler's "Secret" Weapon

How was it possible for Germany to accomplish what she did in so short a time? We have already traced the event of Germany's comeback as an imperialist power to the simple fact that after the last war the world remained a capitalistic world, and thus a world divided on the question of whether or not to destroy Germany for good. Roosevelt and Churchill spoke of mistakes that were made in 1918, particularly of the mistake of not disarming Germany completely. At their Atlantic meeting they vowed not to repeat this mistake. The truth is, however, that Germany was disarmed in the most thorough fashion after the last war. Re-armament started from practically nothing, and was rendered possible not by any mistakes made at *Versailles*, but by rivalries among the victorious Allies. To avoid the recurrence of such a situation it is not enough to keep Germany disarmed; all nations except that nation or that bloc of power which gains an absolute monopoly in arms must be kept disarmed. And this is the goal of Roosevelt and Churchill. By announcing their determination to destroy Germany as a military power once and for all, they are proclaiming themselves the dictators of the world.

This is an attempt, or rather a hope, at out-doing the Nazis. If, for reasons of objective limitations, Hitler does not at the moment aspire to more than a German Europe with great influence in all parts of the world, his Anglo-American opponents need not share such "humility", for they are already in possession of most of the world. Certainly it seems easier for those who control the world to capture Continental Europe than for one nation controlling Europe to capture the world. Hence the confidence in final victory on the part of the Allies ideologists. Thus also Mr. Adamic's recent suggestion to adopt a "Two-Way-Passage" policy, that is, to have Europe controlled by "returning" Americans, who have learned during their stay in the U.S.A., how best to solve all social, political and human problems. America is seen here as a sort of *Ordensburg* a la Hitler, educating a ruling class able to control Europe for a "Thousand Years". The Nazi-slogan *Hitler ist Deutschland* is transformed by Mr. Adamic for the needs of American imperialism in the more comprehensive *Dale Carnegie is the World*. This "spirit" even gripped more successful writers than Adamic. The German ex-patriot Thomas Mann writes in the July, 1941, issue of *Decision*, that today

"the term 'Europe' is already a provincialism. The concept of the world state has been born and will not rest until it has achieved reality. The notion that such a world state must be German is a lunatic jest."

However, this lunatic jest, Mr. Mann forgets to state, has not been made by the Nazis but by the propaganda experts of the Allies. It is not Hitler's goal, but it expresses the actual fears of lunatics and it is out to create more fearful lunatics. Furthermore, it serves to justify the propaganda for an "Anglo-American World State", for "Union Now", for "hemispheric control", and all the other current slogans of American capitalism. Behind the concept of the illusory capitalistic world state, which "will never come to rest", is nothing more than the desire of the most vicious of American imperialists to "out-nazi" the Nazis.

Thus far, however, Hitler's "provincialism" has proved more effective than the attempt of the Allies to transform the poor novels of H. G. Wells into a rich reality. Notwithstanding the "new concepts", namely, the recognition that it is not enough to suppress one nation in order to maintain peace but that all nations must be suppressed by one, these great "concepts" have utterly failed against the direct actions of the Nazis.

Hitler recognizes no problem but that of how to stay in power. His "program" consists of the various steps necessary to secure Nazi rule. What kind of steps these are is of little importance. All are satisfactory as long as they answer Hitler's single-tracked need. This "narrow" point of view provides for a consistency in action which transcends all the various contradictory steps that have to be taken because of the force of changing circumstances.

The principle that assures success for each capitalistic enterprise remains successful if applied to a whole nation. Yet, as in the case of a single enterprise, what one does, one does not know. Even what one "wants", aside from power, one does not really know. Hitler may "want" to prolong the war and thus bring about peace; he may "want" peace, and thus extend the war. What he "wants" and what he does are two different things, and thus it really makes no difference whether he consults the stars or the German general staff. However, he consults both — the stars, because there is no information as regards the future; the general staff, because he wants to remain in power the next day and, if possible, the next year. The Nazis' "direct actions" are still reactions to forces that escape control and comprehension.

Yet there is a kind of knowledge, a degree of planning, and a limited predictability with regard to certain phenomena. The greater the sphere of action that falls under the control of a single-track interest, the more forceful will that interest be. Just as a capitalist monopoly controls more of the social life than does a small enterprise, and controls it more consciously, so the centralized political and economic system in Germany controls its sphere of interest better than do the less centralized "democracies".

"Better" means her only better for the Nazis. As little as the extensive control of society by monopolies was profitable to society, just as little can "social" be applied to the still greater social control exercised by the

Nazis. In both cases only the immediate needs of the controllers find recognition. In this manner the more efficiently the controller's needs are met the more social needs are violated. The whole of society is more and more adapted to the specific needs of the ruling class — needs which, even from a capitalistic point of view, correspond less and less to the needs of society as a whole. The more conscious regulation there is under such conditions, the more chaotic society becomes. One has only to look around today to recognize this immediately as a fact.

Although the "successes" of the Nazi regime benefit no one but its ruling class, they remain successes nevertheless if compared with the demonstrated inability of the Allies to break the Nazi Rule. Because of the fundamental weaknesses of Germany, which we have already dealt with, the Nazi successes remained a mystery, though an explanation of them was sought in "secret weapons". A Goebbel's joke was taken seriously. If the reasons for the Nazi victories remained "secrets", they were at least "open secrets" and their recognition has been delayed only because of Allied propaganda devices adopted early in the game. The secret of fascistic successes is fascism itself.

To admit that much means for the "fighters of democracy" not only to admit defeat in advance, but also to admit a share of responsibility for the rise of fascism. The transformations taking place in particular nations find their reasons in the present status of world capitalism. The "German crisis" that brought Hitler to power was part of the world crisis. Hitler was nourished in New York, London, and Paris as well as in Munich. If the capitalists in the "democracies" have only a pitiful smile for the *Dummkopf* Thyssen, the latter, if he is still able to, can get a great kick out of every defeat the Allies suffer. Did not Hjalmar Schacht warn them even in 1931 that "large-scale alienization of German industry would produce nationalist and social reactions which would make peaceful conduct of foreign business impossible"? After all, even in Germany, as now in Europe and on a world-wide scale, Hitler took, as he still takes, primarily from "foreign capital", since the German capital was either near bankruptcy or actually out of business.

The German capitalists lost little by Hitler's ascent to power. They hoped that fascism would bring them gains, and thus supported Hitler for reasons of their own. Peaceful attempts to escape the dead-end that German capitalism had reached proved futile. The famous *rationalization* of German industry, a triumph of technique, was a flop economically. Though productivity was greatly enhanced and competitive power strengthened, the economic and political counter-measures of the competitor nations turned all this effort into just so much waste. So, after the rationalization of technique, came the "rationalization of political economy". The state was to bring back "profitability" where the capitalist "automatism" had failed. After trying hard to erect a dictatorship without Hitler (Bruening, von Schleicher, von Papen), they found that a dictatorship could be erected only

with Hitler, that is, as a "popular movement". Half they were drawn, half they went themselves" into the arms of the fascist state. They had not the slightest reason to distrust the "drummer" when, in a speech before the industrialists of *Rheinland-Westphalen*, he assured them that his program stressed particularly

"The necessity of private property and of an economic order based upon the profit system, individual initiative, and inequality of wealth and income."

They knew then that Hitler was "their" man; internally against the workers, externally against foreign competitors and monopolists.

The increase of profitability at the expense of labor, though still a factor, is now, however, a factor of minor importance because of the small part of the total capital that now accounts for labor. Of course high wages can still be brought down, but then ten years in Germany had brought them down already. To lower them still further to any great extent would lead only to a decrease in productivity, a fact now generally acknowledged. At any rate the little to be gained thereby would not solve the problems that Hitler faced. The question of unemployment simply had to be solved. In so far as Hitler's movement was a "popular movement" it was a "movement of the unemployed" in the widest sense: workers, intellectuals, professionals, crisis-ridden peasants, bankrupt traders and industrialists, all were constantly fearful of losing even that miserable hold they had on life. Hitler's employment program was one of public works, made temporarily possible by a levelling process that cut down wages wherever possible and raised the income of the unemployed to the lowest wage levels. But once this levelling process spends itself, this type of work-creation find its end unless the levelling process is extended beyond the proletarian layers of society.

To solve the problems of German capitalism "at the expense of labor" can mean only to increase its productivity and decrease its actual income; that is, it can only mean more unemployment. But Hitler came to power precisely for the reason that this traditional capitalistic policy could no longer be employed without endangering the whole capitalistic structure. Capitalism can solve its problem, however, only at the expense of labor. This dilemma may be temporarily overcome through the extension of the levelling process over larger territories and greater masses. What works for a while at home, works for a longer time when carried out abroad. With limited resources, the economy that polarizes society into a small gang of owners and broad masses of paupers will near stagnation and permanent crisis conditions when a certain point in the process of capital concentration is reached. To overcome this stagnation it must find new resources. But the capitalist stagnation was world-wide, and each nation found itself in need of new spheres of exploitation in order to realize those additional profits that are necessary to get the home economy once more afloat. The smaller the resources and the sooner the "blessings" of the leveling processes of the crisis found their end, the more pressing became the need for conquests. The lack of resources explains the aggressive character of the fascist na-

tions. The "lethargy" of the democracies is explained by their greater and richer possessions. The levelling process, which is resorted to in lieu of real capital accumulation, and which is in evidence also in England and the United States (Keynesian Economy and the New Deal), exhausted itself earlier in Germany than in the richer nations. Because the latter would not freely grant what Hitler needed to stay in power, he tried to take it by force.

If Hitler succeeds, the present German "prosperity" may well continue. The more territory he takes in, the more raw material he can reach, the more capital he can expropriate, the more workers he can exploit — and exploit without making the concessions he still has to give to the German workers to make this whole process of acquisition possible at all — the longer will the "prosperity" last.

The "secret" of his success is quite simple. It consists of nothing more than the earlier adoption of the "new" organizational principles that increased Germany's military power. Just as in the beginning of capitalism, the *division of labor* — a mere organizational principle — gave those entrepreneurs and nations that first employed it enormous advantages over those still engaged in traditional handicraft, so a "new" principle, or rather the extension of an old principle over a greater field of activities gives the Nazis their present advantage. One must remember that the industrial revolution that changed the world was only the *result* of the division of labor already in force; organizational changes preceded technological ones. The early adoption of "new" organizational principles by the Nazis has in the same manner led to a new industrial revolution. Necessity being the mother of inventions, this industrial revolution is of course closely connected with the German war needs, and thereby differs from the industrial revolution which made possible the capitalization of the world. In view of the previous general stagnation of capitalism, it is an industrial revolution nevertheless. The very collapse of liberal capitalism is its base. Reality itself proved that *laissez faire* was only an ideology that apparently fitted the early conditions of capital expansion. What was real in liberal society was the exploitation relations between capital and labor. The only real organization in the economy was that which existed in each enterprise, or monopoly. To organize a whole nation as efficiently as each enterprise is organized, or, rather, to look upon the whole nation, or the whole Continent, as an enormous factory of bosses and workers — in this consists the "new realism" of which the Nazis are so proud. What they had not been able to learn from Marx, because they burned his books too early, the capitalist reality itself made them understand with the result that they became better capitalists than the capitalists before them.

To be a bigger capitalist is to be a better one. German capitalism, although highly advanced, remained a "poor" capitalism in comparison to English and American capitalism. In Germany, the concentration of capital did not proceed as rapidly as in the United States. Thus an apparently

new contradiction arises, for if fascism results from a highly concentrated monopoly capitalism it should have reached America first, not Germany. But many roads lead to Rome. Though there was less concentration of capital in Germany, there was more *cartellization*. Though the enterprises and trusts were not so rich as they are in America, the Germans made up for this lack in capital strength by more thorough organization through the cartel system. Thus the weaker monopoly capitalism in Germany lost its "private" character earlier than the stronger one in America; thus the nation "economically" much better adapted to the "laissez faire system" than the American plutocracy, lost its "democracy" first. It had to become a bigger and thus a better capitalism by way of pooling its resources and organizing its activity rather than by the ordinary way of general competition. Therefore politics, not market economy, began to determine the destiny of German capital. Technological changes in Germany, and the resulting increase of productive capacity, demanded — in order to become possible at all — central control over all capital, labor, and natural resources. The new industries, especially in the field of chemical production, could no longer be built upon the basis of a private property capitalism of the old order, for as the *Deutsche Bergwerks Zeitung* wrote:

"Today you have to produce where production seems the most profitable from the viewpoint of BOTH national and private economy, that is to say, where you have to use minimum manpower and materials to obtain maximum volume and quality of production... Now then it is inevitable that you give one enterprise what you take from another, and conversely, and there is no way of adjusting a balance equitable for all... The idea of balancing and compensating must not be allowed to hamper technological and economic development, even if the measures to be taken imply a new set-up which might hurt particular interests."

All this, of course, took place by way of internal and external struggles that involved the most contradictory and variegated interests of all layers of capitalist society. The "end-product" of these struggles was the Nazi state of today.

When we say that the capitalist crisis has to be solved at the expense of the workers, we are fully aware that there is more to capitalism than just this particular process. If the crisis cannot be solved at the expense of the workers, it becomes a permanent condition of society, though this permanence may be obscured by the most lively and deadly activities. The capitalist crisis, as well as its prosperity, sees continuous changes in the distribution of wealth. Profits are concentrated into fewer hands. The crisis only accentuates this process. When people speak of Hitler's undertakings and Roosevelt's "New Deal" as "socialistic measures", they actually speak of the re-distribution of wealth. This, too, is a levelling process, because it still further weakens the weaker capitalistic elements, and thereby still further strengthens the stronger ones. It is the enforcement by political means of what would otherwise occur at a much slower rate in the general development of capitalism: the polarization of society into controlled masses and a few controllers. However, this does not solve the capitalist

crisis, but "artificially" increases the economic activity, until the leveling process has spent itself. In short, what exists and what is produced are still sufficient to finance — in the interest of social stability — some non-profitable enterprises. But it is not enough to overcome the crisis capitalistically, that is, through the stepped-up accumulation of capital.

Unfortunately for all concerned, if a nation engages in this type of economy on a large scale, it becomes difficult, if not impossible, to reverse the trend. For new power centers are developed and new vested interests created, all bent on the continuation of the levelling process. Those forces have a large "clientell", a "mass following" among those who have to be "appeased" in order to maintain social peace. What has been thought of as only an "emergency" to be abolished by the new prosperity "just around the corner" becomes the "new prosperity", and by itself precludes the arrival of a "true" capitalist expansion. Yet to continue to think and act in terms of the "emergency" means to come nearer and nearer the point where the "economy of re-distribution" will cease to support the capitalistic structure. To escape that point an "emergency" within the "emergency" must be created. At that point a nation goes to war.

With their creation of German Europe the Nazis merely demand the right to participate on more equal terms in modern "welfare economics". Unable to equal Roosevelt's WPA on German soil, they asked for more *Lebensraum*. It is their serious attempt to safeguard the capitalistic structure, not to abolish it, that causes them to speak in "socialistic" terms.

The Atlantic Brenner

What happens in America today is what happened in Germany only yesterday. What happens in Europe today is the attempt of German capitalism to hold the initiative which it won by being the first highly developed country to go fascist. And as the principle of an organized capitalism yielded immediate results in Germany, so it may bring corresponding results on the Continent, if the battlefields of the war can be kept outside Europe. In fact, from a purely technical-economic point of view it might yield even better results — since the additional agricultural territory, the new raw materials, and the additional cheap labor lend themselves more effectively to an economic integration of the total economy — than does an extension of the previous emphasis upon an industry lacking raw materials and unable to feed its working population. However, for political-economic reasons it may yield fewer results since the bureaucratization necessary to "harmonize" the thousandfold needs and interests of Europe with the specific war needs of Germany may be costly enough to offset gains in other fields. The relationship between Germany and the extra-German nations of Europe may deteriorate, or develop, into one similar to that between North America and South America at the present stage of development — the controller nations having to feed the controlled nations instead of being fed by them. The war itself is responsible for this situation; its continuation

makes the whole prospect of continental economy increasingly more problematic. At the present time and despite all successes "Europe", as Mary MacCollum has said, "is absorbing the Germans, the Germans are not absorbing Europe". Thus, as in the last war, the Germans are the ones to clamor for peace, not because it is characteristic of beer-drinkers to be friendly, but because the Germans get the jitters when they realize their real position in the world.

Though Germany never followed a policy of autarchy, German Europe is an autarchy because of the blockade. To enter world trade means to send additional armies into extra-European territories. But for a long time to come, German arms will be unable to carry on business in the Western hemisphere and in Asia. To make Europe self-sufficient in regard to food-stuffs is not altogether impossible, but it will take so much time that, even if undertaken with success, it well might "benefit" only a dying population. It means the re-allocation of economic activities on the largest scale, the industrialization and intensification of agriculture, the education of millions of peasant masses. It means work, work, and more work. Work that is rendered largely senseless by the fact that at the same time these efforts are made, foodstuffs rot away in other parts of the world and agricultural production is reduced in favor of armaments. If the war should end with capitalism still intact, the dislocations and disproportionalities of profit production will be even greater than they were before the onset of the war. To utilize the economic possibilities inherent in the unification of the Continent would mean to organize the Continent as an integrated part of world economy.

The control of the Allies over the foodstuffs and raw materials of the world, although a forceful weapon, is not powerful enough to bring Hitler down. Their control over South America and Asia promises neither permanence nor profits unless Hitler's plans for a German Europe are shattered. To stop the exchange of goods between South America and Europe, for instance, means for the United States that she must compensate her "friendly neighbors" for their losses. In this way Hitler hurts America either way; by extending his barter system to South America and by not doing so. To make the coordination of the economies of South America and North America a profitable business is just as difficult, if not more so, as to make Europe a source of profit for Germany. Both processes tend to pauperize both the controlled and the controlled nations.

To make South America profitable to the United States means to change much of her agricultural into industrial production. This is still in line with the general trend of capitalist development. The transformation of agriculture into industry is another expression for the concentration of capital. Within a given territory a certain stage of capital concentration prevents further capital expansion. Just as in the case of labor, so in the case of agriculture the appropriation of profits from the land diminishes with the diminishing importance of agriculture within the whole capitalist

setting. Just as in the case of the labor of other nations, so must other agricultural territories be absorbed by the more powerful capitalistic nations. Thus, even without the war, a "hemispheric policy" would have been adopted by the United States.

The European nations are dependent upon the foodstuffs and raw materials from overseas. Their "independence" is not real. A successful transformation of the still backward agricultural nations of South America into industrial states would make necessary the transformation of the industrial European nations into agricultural states. It would necessitate a general European exodus to the Western hemisphere. Marx who once said that because "money is the god of the Jews, all Christians have turned into Jews" could now say that "because Europe is emptied of the Jews, it soon will be emptied of the Europeans". Stating the problem, however, means to realize its insolubility. In reality, South America will remain an agricultural territory because of American control. If America wins the war, South America will become even more "backward", that is, impoverished. A nation that has not been able to solve the problems of her own Southern States, or rather, that solved them capitalistically by impoverishing the poorer sections still further, has nothing to offer in the way of hemispheric control except a large-scale repetition of this process.

German Europe, too, is not organized in order to benefit the world, but as a means to win the war. And here it is quite possible that it will help the Germans, albeit at frightful expense, to "carry on". For this reason the blockade will never be relaxed until America is ready to share the world with Hitler or until Hitler is defeated. It is not so much the idea that the hungry people of Europe will rebel that makes the democratic humanitarians so human that they will not relax the blockade. Even the dullest of them must know by now that unarmed people, however hungry, cannot arise against a war machine such as the Nazis possess. It is rather the hope that they will starve and die, so that Hitler cannot utilize their labor in his reconstruction schemes that may enable him to wage war "indefinitely."

German Europe, even at its "best", will be a sickening substitute for a needed continental world-integrated economy. It will be a wasted effort, just as the industrial revolution in Germany turns out to be a wasted effort. To be sure, the changes in Germany have made her largely independent in regard to certain essential raw materials. She could thus enter the war with greater confidence than in 1914. This industrial revolution, laughed at as the German *Ersatz* industry, will prevent an early collapse of the German war machine. Attempts to extend this revolution over the whole of Europe may also serve to prolong the fighting ability of Germany. Yet, the greater productive capacity is nullified through the increasing destructive needs of capitalist society. The energies needed in the reconstruction of German Europe may exhaust Germany sufficiently to make her vulnerable in the highest degree on the very day of her greatest triumph.

Roosevelt's and Churchill's entire strategy, if one can use this term here at all, consists then of the simple attempt to prevent peace. Foremost in their minds is the thought that the war must continue no matter what happens, and no matter how long. Hitler must not be given the opportunity to utilize his conquest. Even if he wins continuously, his enemies are so numerous that the victor over nine might well be sufficiently exhausted to be brought down easily by his tenth opponent: This last opponent is, of course, America. What does it matter if France went down? A weaker France may arise again. If Russia and the Balkans lost out? They will only be more dependent upon America later on. What does it matter even if England is invaded? It will show her who is master of the world. America Hitler will never be able to subdue. Roosevelt's war spirit is not determined by the fear that Hitler may invade the United States, but by the certainty that he will not. All the battles in Europe lost by the Allies will in the end also be lost by Germany. Once more America will be the sole winner. A defeat of Russia will no more alter Roosevelt's determination to bring down German fascism than have previous defeats. New theatres of war will be opened, more lend-lease aid extended, and, in Mussolini fashion, America will only more speedily prepare herself for that final thrust when the time is ripe.

However, this "clever strategy", dictated as it is by necessity, has its Achilles heel in Britain. The English politicians cannot be too enthusiastic about this long range point of view. When will the time be ripe, if ever? Though delayed action may suit the United States, and, for a time, England too, in the end it may be deadly for the latter. Thus England's needs may force the United States into active engagements before she is really ready and able to administer that final blow to Hitler.

After the Balkan debacle it was said that the outcome of the war depended on the "Battle of the Atlantic". However, the war is a world war and its outcome does not depend upon a particular scene of battle, but is determined by a great complex of economic, political, and military factors. The Russian defeat may put Britain in about the same position that Greece occupied before the swastika was raised over the Acropolis. The British had to sacrifice Greece, and they are fearful that England too may be sacrificed in order to prolong the war. Will America really be able to save England? Only recently Prime Minister Mackenzie found himself obliged to remind his American friends that they must be serious not only in their guarantee of Canada, but also in regard to England proper. He can rest assured; America will do her utmost to defend Britain. The question is only, will the utmost be enough? Even if Churchill is convinced that it will be, not everyone is.

Things have changed in England. Not that socialism is sprouting there, but the rapid disappearance of the Chamberlain-men indicates the existence of a "popular movement" capable of influencing events. The Labor Party has always closely guarded the interests of British imperialism. It,

too, fears a unified Continent, because it fears that the increased competitive power of a united Europe will destroy the better living standard of the English labor aristocracy. Their opposition to "appeasement" indicated only that they were even better imperialists than their masters. However, their imperialism is determined by a stricter nationalism, and for very good reasons. They think not so much in terms of British world capitalism as in terms of the British Isles. The ideologists of the English labor movement have not forgotten what happened to the German labor bureaucracy and to those workers who insisted upon an independent labor movement when Hitler came to power. Out of sheer physical fear that all this will be repeated in England, they are quite willing to accept Churchill as the true symbol of English unity, and to look upon this ordinary imperialist war as a genuine anti-fascist struggle. Still, they are beginning to view with great suspicion the trend of the war that now turns more and more into a mere defense of American imperialism. They may put pressure on the Churchill cabinet to safeguard British interests more consistently, and may force Churchill, in turn, to put pressure on Roosevelt, who seems inclined to gamble away the whole British Empire just to insure final victory. In the interest of Anglo-American unity, America may therefore strike "before her hour has arrived". And yet, in doing so, she may once more play into Hitler's hands: first by not acting early enough, that is, during the German-Russian war; and second, by acting too soon, that is, before Hitler is sufficiently weakened and before America is sufficiently armed. The "correctness" or "incorrectness" of America's policy will be judged in the battles still to come. Until then the inconsistencies displayed in American politics may well continue.

The "battle of production" in America will not determine events. Even if brought to a climax in a reasonably short time it may well have been in vain, for though it is true that battles are won by the possessor of the superior war machine, it is too simple a conclusion to foresee an American victory merely because of her greater productive capacity. Those political accountants who measure production against production and then predict defeat or victory forget that, aside from the element of accident and the problem of transportation, there must still be considered the more important fact that in capitalist society class and group interests, not technical abilities, are of foremost importance. These interests may foster or hinder the war effort.

However necessary, it is impossible to include the class element in the calculation of warfare. The only way to deal with the matter — to some degree — is to suppress class frictions and to subordinate the diverse interests to the will of the war leaders. Under certain conditions, though not always, dictatorship guarantees "unity" and concerted action. The strength of private property in England and America, though waning, is still effective enough to interfere with the "proper" execution of the war. How long will it take to merge capital and state completely? That the

war has gone the way it has shows clearly that the foreign policy of a nation is not a thing apart, but is closely related to existing class relations. As the war progresses and brings about shifts in class relations and rearrangements in the relationships of all existing interests, the objectives for which this war is fought are also bound to change. Thus the further trend of the war will be determined by what happens on both fronts, the one at home and the one abroad. Predictions as to the future become less than probabilities. There might be many changes and there might be none. The only thing that seems to be a certainty is that the war is going on.

The present goal of Churchill and Roosevelt, however, is as clear as Hitler's. Though England's world domination was assured under less developed conditions because she ruled the waves, this is no longer sufficient because of the capitalization of the world accomplished in the meantime. The nation that is to rule the world must rule it, and not just the seven seas. The difficulties here involved suggest a sort of "automatic" police system which necessitates the continuation of numerous quasi-independent states, the control of raw materials, foodstuffs and trade. Already the numerous nations of Europe are assured of their continued national existence. Already the framework is laid for the control of the world's resources. The control of trade will be assured by the destruction of all save the Anglo-America navies. The "freedom of the seas" upon which Roosevelt so firmly insists means to free the seas still more completely of all vessels that do not fly the flags of Britain, America and, of course, "Panama". At the end of September, 1941, an Allied Committee sat in London whose job it was to construct in advance the framework for the great humanitarian effort of feeding the dead when the war is over. A big reservoir of foodstuffs and other supplies is to be created to be poured into Europe as soon as the Nazis are done for. Yet even the European allies of the Anglo-American bloc, not to speak of Hitler's continental allies, were beset with great suspicions. Ivan Maisky, the Russian representative at the conference, protested the "all-British character of the proposed central coordinating bureau and reserved for himself the right to make proposals that would give it an inter-allied character." The representative of the Netherlands

"warned against exceptions to plans for access of all nations to world trade and raw materials after the war, and declared that everyone will have to make sacrifices. He referred specifically to point IV of the Atlantic declaration in which Britain and the United States promised to provide such access to all nations, but, with due respect for their existing obligations."

"With due respect for their existing obligations" — can mean only their "obligations" to America that usurped world "leadership" in the very effort of defending "the smaller nations against aggression." Under such conditions, the various nations and their governments will be just so many puppet regimes of the Anglo-American power bloc. They will have escaped Hitler only to be caught by his enemies.

If all the other issues of this war are still clouded, it is perfectly clear that this war is a struggle between the great imperialist contestants for the biggest share of the yields of world production, and thus for the control over the greatest number of workers, the richest resources of raw material and the most important industries. Because so much of the world is already controlled by the small competitive power groups fighting for supreme rule, all controlled groups in all nations are drawn into the struggle. Since nobody dares to state the issues at stake, false arguments are invented to excite the population to murder. The powerlessness of the masses explains the power of the current ideologies. Yet these ideologies are not invulnerable.

The ranks of the powerless, armed with deadly weapons, exercise the greatest power there is — the power to kill. The final meaning of the existing social relations will enter the consciousness of men. There will be for once a perfect harmony between the material and the mental side of capitalist society. This might be more important than all the empty phrases that have issued from the Brenner Pass and the Atlantic Brenner. Men may then see clearly that capitalism means death and life something else.

Paul Mattick

BOOK REVIEWS

WORKERS BEFORE AND AFTER LENIN. Fifty Years of Russian Labor. By Manya Gordon. E. P. Dutton & Co., New York, 1941. (524 pp.; \$4.00).

Similar to Yvon's book of some years ago, but more comprehensive and in part with superior material, Miss Gordon's book deals with most of the important changes in Russian labor policy and labor legislation from the beginning of the bolshevik regime to the present. Interesting as are her descriptions of the attitudes toward labor problems in pre-war Russia, they serve rather as an introduction since the book as a whole is designed as a critique of bolshevism. Nevertheless, such things as the story of Count Witte's intelligent suggestions for solving the labor problem in Czarist Russia, the story of the Zubatov-movement, the characterization of the early labor movement and the first Duma help one to understand the Russian development better.

There is little in the book, however, that will surprise our readers. The author produces the data which simply show that the working and living conditions of the Russian population — apart from the ruling bureaucracy — have not been improved but have deteriorated. For example: "Between 1929 and 1937 a working family's food expenditure increased 5.4 times, while the head of the family's income in rubles increased 3.3 times, from 75 rubles to 250 rubles. Instead of the much publicized increase in wages during the Five Year Plans, 1928-37, there was an actual decrease in real wages of something like 40 per cent... Whereas in 1937 the production of machines was twenty-eighth times as much as in 1913, wages were lower than in pre-war Russia".

In the attempt to prove that the bolshevik regime is rather worse than that of the Czar, Miss Gordon corrects a number of misunderstandings as to the character of pre-war Russia. She brings to light facts such as this: "despite being rigidly anti labor and hostile to trade union activities, Russia was in advance of the Western nations in a number of labor laws". However, Miss Gordon does not recognize that here she has her fingers on an important item that helps to explain the totalitarian tendencies closely associated with capitalist development in Russia. Rather, she is inclined to accept those facts as signs of a possible liberal development that has been unnecessarily interrupted by the wrong policies of bolshevism. However, it has been revealed throughout the world that forced capitalization in relatively backward nations is accompanied by advanced labor laws despite all anti-labor policy. In Germany, for instance, state fostered industries coincided with the "Anti-Socialist Laws" as well as with the most advanced social legislation.

Miss Gordon, although very able in selecting and assembling relevant data is, unfortunately, also possessed of what is usually called a "humanitarian" and "noble-minded" attitude — a quality that is now identified with "democracy", "liberalism", and "progress". The facts she produces and the philosophy she adheres to do not fit well together. For instance, though Miss Gordon points out that the promises made to the workers by Lenin and Trotsky could not have been kept because of the economic backwardness of the nation, she herself nevertheless believes that a "democratic regime", a re-

gime more to her own liking, would have been able to improve the conditions of the population. She points out that "communist concentration on machinery instead of on the essential needs of the people made a mockery of all the propaganda about a victorious Socialism". It does not occur to her that this "communist concentration" was nothing else than the "production for the sake of production" that characterizes all capitalist nations. The form of government — democratic or dictatorial — does not effect the main feature of capital production, which is accumulation for the sake of accumulation. Even in a "socialism" more to her liking, this process would be valid and would finally lead to a fascist dictatorship. The bolsheviks merely did in advance what in Miss Gordon's "socialism" would have appeared at a later date. For though the bolsheviks changed the government and abolished private property in the traditional sense, they did not end the capitalist mode of production. This latter essential item however, does not bother Miss Gordon in the least. Her concept of "socialism" differs not at all from that of the bolsheviks. The difference lies in her "noble-mindedness" that lives and lets live but does not question how. Besides, the problem of the Russian dictatorship cannot be understood solely from the point of view of the internal struggles between bolshevism and the democratic forces in society; they are just as much determined by external occurrences within the setting of world competition. But being a champion for democracy, it is only natural that Miss Gordon does not look for the reason for dictatorship in the capitalist democracies.

Luenika